

KANSAS.

Wenslow Cipra, Lincoln.
 Clarence Coulter, Blue Rapids.
 Frank H. Higley, Cawker City.
 Jeremiah M. Hopper, Ness City.
 Lloyd E. Jackson, McPherson.
 Allen W. Jones, Minneola.
 Joseph J. Keraus, Wakeney.
 R. D. McCliman, Seneca.
 Louis C. Orr, Atchison.
 S. T. Osterhold, Holton.
 Nathan E. Reece, Stafford.
 Thomas J. Ryan, St. Marys.
 Henry F. Schmidt, Dodge City.
 John Wolfert, Downs.

MISSOURI.

William S. Dray, Savannah.

NEBRASKA.

Frederick A. Mellberg, Newman Grove.

NEW YORK.

William J. Ferrick, Chappaqua.

NORTH DAKOTA.

Carl L. George, Sarles.
 A. A. J. Lang, Sanborn.
 Myrtle Nelson, Bowman.
 W. W. Smith, Valley City.

SOUTH DAKOTA.

Demetrious S. Billington, Spearfish.

TEXAS.

Sallie M. Ayres, Frankston.
 Samuel H. Bell, Deport.
 Edwin Forrest, jr., Blum.
 Edmund Herder, Shiner.
 E. G. Keese, Stamford.
 C. T. McConnico, Kerens.
 Bessie L. Rorex, Panhandle.
 Martha A. Smith, Pleasanton.

VERMONT.

George W. Pierce, Lyndonville.

WEST VIRGINIA.

Charles Lively, Weston.

HOUSE OF REPRESENTATIVES.

TUESDAY, December 29, 1914.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, we thank Thee that Thou hast spared our lives and permitted us to enjoy another Christmas, with its hallowed associations, sacred memories, and holy influences, which strengthens the ties of friendship, deepens the affections, and brings us nearer to Thee and our fellow men. Grant, O most merciful Father, that the Christ spirit may abide with us and lead us on to greater attainments in the work Thou hast given us to do. We thank Thee that peace abides within our borders; continue, we beseech Thee, our peaceful relations with all the world. And glory and honor and praise be Thine forever, in the spirit of the Prince of Peace. Amen.

The Journal of the proceedings of Wednesday, December 23, 1914, was read and approved.

PEACE RESOLUTIONS, SALEM QUARTERLY MEETING OF FRIENDS.

Mr. BROWNING. Mr. Speaker, I ask unanimous consent to have read from the Clerk's desk a memorial in the interest of peace by the Salem Quarterly Meeting of Friends, at Woodbury, N. J., December 10, 1914.

The SPEAKER. The gentleman from New Jersey [Mr. BROWNING] asks unanimous consent to have read from the Clerk's desk the paper to which he has referred. Is there objection? [After a pause.] The Chair hears none. The Clerk will read.

The Clerk read as follows:

To the Speaker and House of Representatives, United States Congress, Washington, D. C.:

The Salem Quarterly Meeting of Friends (with a membership of about 1,000) were earnestly engaged on the subject of peace during its sessions at Woodbury, N. J., December 10, 1914.

We wish to commend our President and United States Congress for your successful effort in maintaining peace with other nations and wish to assure our continued support in maintaining this attitude both in Mexico and in Europe.

We also wish to offer our protest against the increase of armament, war vessels, and greater fortresses in preparation for war. The present fortifications along our 4,000 miles of seacoast have been sufficient for the last 100 years. We therefore most earnestly urge our Congress to refuse the consideration of any measure tending toward war, not only because we, a Christian body, believe war is wrong, but we are opposed to adding greater burdens of taxation upon our people by creating and maintaining such warlike defenses as is now proposed.

If the United States can maintain its position of neutrality until the end of this European war, we trust that it will be able to exert a decisive influence for the establishing a plan for the settlement hereafter of all international differences, without resorting to war.

On behalf of Salem quarterly meeting.

CHAS. D. LIPPINCOTT, Clerk.

SWEDSBORO, N. J., December 10, 1914.

ARMY APPROPRIATION BILL.

Mr. HAY, from the Committee on Military Affairs, reported the bill (H. R. 20347) making appropriations for the support of the Army for the fiscal year ending June 30, 1916, and for other purposes (H. Rept. 1250), which was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. MANN. Mr. Speaker, I reserve all points of order.

RURAL CREDITS.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent to print in the RECORD a speech made by J. P. Doyle, a farmer living in Illinois, on the subject of rural credits and some problems of the farmer.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend in the CONGRESSIONAL RECORD a speech made by one of his constituents, a Mr. Doyle, on the subject of rural-bank credits. Is there objection?

Mr. FITZGERALD. Reserving the right to object, has the gentleman read the paper?

Mr. FOSTER. I have.

Mr. FITZGERALD. Does the gentleman think the information is of value to the membership of the House?

Mr. FOSTER. Well, I think so, and it is an expression of a farmer who is interested in the matter of rural credits and has studied the question, and that class of people are directly affected by legislation that I hope will come before Congress at an early date.

Mr. FITZGERALD. I will not object to this request, but I think it ought not to be taken as a precedent that every farmer who has an opinion can extend his remarks in the RECORD.

Mr. FOSTER. There are some of us who represent large agricultural districts who believe that the farmers have a right to be heard on the floor of this House and to give expression to views which they may have on subjects that directly affect them.

Mr. FITZGERALD. I am always glad to hear from the farmers on this floor through their accredited representatives. That does not mean that every farmer has a right to speak, however.

Mr. FOSTER. I take pleasure in presenting the views of such men as Mr. Doyle and other men who work upon the farm, and the farmers are the large producers of wealth in this country and entitled to be heard.

Mr. BRYAN. The gentleman should remember that the leader of the Democratic Party on this floor promised the gentleman from Arkansas [Mr. WINGO] and the gentleman from Oklahoma that in all probability there would be a bill brought out before Congress for action if they called off their filibuster. They called it off, and the gentleman has not been able to bring it up. Has the gentleman from Illinois any inside information that they will be able to bring in such a bill, despite the opposition referred to?

Mr. FOSTER. "The gentleman from Illinois" has no inside information. He is only an humble Member on the floor of this House, representing a large constituency of farmers, but he does believe before this present administration ends and before Mr. Wilson is reelected President of the United States—

Mr. MANN. That will run till the end of time.

Mr. FOSTER. Or another Democrat is elected President of the United States, which will be in 1916, and another Democratic Congress is elected in 1916, if not at this session, there will be legislation upon this particular subject that will be satisfactory to the farmers of the country, and I am sure every effort will be made in the House and among Democratic leaders to enact such legislation as will give to the farmers of this country that which was not given them during the long term of your party in the House and in complete control of the Government.

Mr. MANN. They were all prosperous then.

Mr. WINGO. Mr. Speaker—

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, I would like to ask my friend from Illinois [Mr. FOSTER] whether this is intended as an explanation of, or an apology for, the fact that the Democrats do not intend to enact such legislation?

Mr. FOSTER. The gentleman who writes this article is not a Democrat, but he is a real farmer, and politics should make no difference anyway in such legislation.

Mr. MANN. There are very few farmers who are Democrats. Mr. FOSTER. But he looked to your party for so many years for relief, and which the party failed to give him, that he now looks to a Democratic Congress and a Democratic administration to give the relief that ought to have been afforded while your party was in power.

Mr. MANN. I think it is asking in vain.

Mr. FOSTER. Oh, not at all.

Mr. ADAIR. Regular order, Mr. Speaker.

The SPEAKER. Is there objection?

Mr. SLOAN. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman a question.

Mr. WINGO. Mr. Speaker, reserving the right to object, I would like to get some information about the article.

The SPEAKER. The regular order is demanded.

Mr. WINGO. I shall have to object, if I can not get some information.

The SPEAKER. Is there objection?

Mr. WINGO. I object, Mr. Speaker.

The SPEAKER. The gentleman from Arkansas [Mr. WINGO] objects.

Mr. JOHNSON of Kentucky rose.

The SPEAKER. The debate on that other matter is ended. The gentleman from Kentucky [Mr. JOHNSON] is recognized.

EXTENSION OF REMARKS.

Mr. JOHNSON of Kentucky. Mr. Speaker, just before the House adjourned for the Christmas holidays we had under discussion here a proposition relative to the extermination of the foot-and-mouth disease among cattle. On that subject I ask leave to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Kentucky [Mr. JOHNSON] asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

ORDER OF BUSINESS.

Mr. SMITH of Minnesota. Mr. Speaker, I ask unanimous consent to address the House for a few moments.

The SPEAKER. For how long?

Mr. SMITH of Minnesota. Say 10 minutes.

The SPEAKER. The gentleman from Minnesota [Mr. SMITH] asks leave to address the House for 10 minutes.

Mr. UNDERWOOD. Mr. Speaker, I desire to ask the gentleman from Minnesota what is his purpose? Is it a personal question?

Mr. SMITH of Minnesota. It is a personal question, as I understand it.

Mr. UNDERWOOD. Then I have no objection.

The SPEAKER. Is there objection?

Mr. UNDERWOOD. Will the gentleman state what it is?

Mr. SMITH of Minnesota. I have some committee work, or some matters before the committees, and I want to inquire about them.

Mr. UNDERWOOD. That is evidently a question that involves the working of the House. If it were a matter personal to the gentleman I would not object, but if it is a matter of general debate, Mr. Speaker, I can not agree to it at this time.

Mr. SMITH of Minnesota. I wish to state, Mr. Speaker, to the gentleman from Alabama [Mr. UNDERWOOD] that what I have in mind is important to this House, as I conceive it, and I think I ought to be permitted to have 10 minutes. I have been here 21 months and I have not asked to consume much of the time of this House.

Mr. FITZGERALD. What is it about?

Mr. SMITH of Minnesota. Well, it has nothing to do with appropriations.

Mr. FITZGERALD. I might object if it had anything to do with appropriations, but I might not object if it were about some other matter.

Mr. UNDERWOOD. Mr. Speaker, we shall have an appropriation bill up in a few moments, when everybody can discuss some outside subject under general debate. I do not think that at the short session of Congress we can consent to general debate outside of appropriation bills and otherwise than at the places where it would naturally come. Of course I would not object to a personal explanation of the gentleman, or a question of personal privilege; but if it is a matter of general debate, relating to politics or the machinery of the House, I shall be compelled to object.

The SPEAKER. The gentleman from Alabama [Mr. UNDERWOOD] objects.

Mr. SMITH of Minnesota. Mr. Speaker, I make the point of order that there is no quorum present, and therefore I move to adjourn.

The SPEAKER. Will the gentleman withhold that point until the Chair can lay some matters before the House?

Mr. SMITH of Minnesota. Yes.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. AUSTIN, for one week, on account of illness.

To Mr. BRUMBAUGH, for two weeks, on account of illness in hospital.

To Mr. BURKE of Wisconsin, for 10 legislative days, on account of illness in his family.

To Mr. KENNEDY of Iowa, indefinitely, on account of serious illness in his family.

To Mr. BARTON, indefinitely, on account of sickness.

To Mr. DAVIS, for five days, on account of illness.

EXTENSION OF REMARKS.

Mr. WEAVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the mineral resources of Oklahoma.

The SPEAKER. The gentleman from Oklahoma [Mr. WEAVER] asks unanimous consent to extend his remarks in the RECORD on the subject of the mineral resources of Oklahoma. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Minnesota [Mr. SMITH] makes the point of order that there is no quorum present.

Mr. SMITH of Minnesota. Mr. Speaker, I shall get some time in the discussion of the Post Office appropriation bill, and I withdraw my point for the present.

POST OFFICE APPROPRIATION BILL.

Mr. MOON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the Post Office appropriation bill.

The motion was agreed to.

The SPEAKER. The gentleman from Virginia [Mr. SAUNDERS], if he is here, will take the chair. If not, the gentleman from Oklahoma [Mr. FERRIS] will take the chair until the gentleman from Virginia gets here.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 19906, the Post Office appropriation bill, with Mr. FERRIS in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 19906, the Post Office appropriation bill, which the Clerk will report.

The Clerk read the title of the bill, as follows:

A bill (H. R. 19906) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1916, and for other purposes.

The CHAIRMAN. The gentleman from Tennessee [Mr. MOON] is recognized.

Mr. MOON. Mr. Chairman, I yield five minutes to the gentleman from Minnesota [Mr. SMITH].

Mr. STEENERSON. Mr. Chairman, I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Minnesota [Mr. SMITH] is recognized for 10 minutes.

Mr. SMITH of Minnesota. Mr. Chairman and fellow Members, I have been with you about 21 months. I have not consumed any time for the purpose of padding the RECORD.

I have tried to do my duty as I have seen it. I represent a constituency which is of some importance in this great country, and they look to me and to this House for results. About 400,000 people in my district are expecting results at the hands of this Congress, and they have delegated me to come here and make their wants known. The great people whom I represent pay into the National Treasury of the United States, in the way of postal receipts, customs receipts, internal-revenue receipts, and special revenue taxes and income taxes, nearly \$8,000,000 annually, or about \$20 for every man, woman, and child in my district, about twice what the average citizen throughout this country pays to support this Government.

I wish it distinctly understood that I have the most friendly feeling for the great Speaker of this House. I have the most pleasant feelings for the leaders of this House on both sides. I have the warmest spot in my heart for every Member here personally, and what I am going to say is not in the way of complaint actuated by ill feeling. It is simply to call the attention of this House to a system that ought not to exist in

this great body. Too much is at stake for us to while away our time in idleness. I have before the committees of this House at least half a dozen bills, if not more. Those bills affect in one way or another the interests of the district which I represent, and up to this time I have not been able to get a hearing upon them.

We have been told that a program of legislation has been laid out for us to follow, and I have patiently, earnestly, and diligently cooperated with the powers that be to put through that program of legislation.

Now we are confronted with another program of legislation, and what does it contain? It contains a general dam bill that smells to heaven with its rottenness. It contains a ship-purchase bill that is of very doubtful value to this great Government. About half a dozen committees out of fifty are doing the work of the House. We sit here day in and day out, playing thumbs up and thumbs down when the great leaders of this House give the word. We are getting our money under false pretenses. I admire and respect our leaders, but at the same time I want to impress upon them now that while they are devoting their attention to a few big things the minor matters of legislation are being neglected—the measures which keep this country moving. Those things go by the board. You gentlemen who are responsible for appointing these committees should ascertain what they are doing. Each committee has three or four clerks, good men, all anxious to work; but I venture to say that outside of five committees in this House not one of those clerks has earned a day's wages in three months. Is that business? Is not that taking the people's money under false pretenses? Are we not carrying on a sham battle here? How long is it to continue?

I have no criticism against any individual be he a leader or be he the chairman of any committee. I am simply pointing out to this House to-day that there are at least 40 committees doing nothing to help along the legislation that they have before them; that they are doing nothing to help our constituents. For over a year they have had important bills before them, bills which they have never considered, and which the chairmen of those committees do not even know are pending before them. Gentlemen, this is not business; this is not the way to conduct business.

I want to serve notice on you now that during the remainder of my term in this House I want the matters pertaining to my district to receive proper consideration. If they are not fair measures, then disallow them, but at least give them a hearing. And I want the same respect given to every other Member's bills. The interests of this great Government can not always be properly cared for by having only a few measures pending and only a few men attending to big things. Let those of superior knowledge and great wisdom in matters of state take care of those big things, but let us with less experience take care of the minor matters that are of more importance to our respective districts.

Because of the courtesy of the Post Office Committee in allowing me this opportunity to speak, I shall not raise the point of no quorum to-day, but I give notice now that after to-day you will keep a quorum here if you are going to transact business or else you gentlemen who are responsible for the make-up of the committees of this House will see that the chairmen of those committees hold committee meetings. That is a fair proposition; it is an honest proposition; it is a proposition that I regret to have to make, but I have no apologies for making it. I am sincere about this matter. I am in dead earnest. I am not disappointed. I am simply doing what any honest official ought to do—expose a system that is wrong, that has grown up in such a way as to stifle legislation instead of promoting it. How long will it continue? It is for this body to say, unless these great leaders remedy this condition.

Mr. HOWARD. Mr. Chairman, will the gentleman yield for a question?

The CHAIRMAN. Does the gentleman from Minnesota yield to the gentleman from Georgia?

Mr. SMITH of Minnesota. I will yield.

Mr. HOWARD. I am in the same position that the gentleman is in. Will the gentleman suggest some method by which this House can possibly consider 20,000 bills which the other Members of this House think are as important to them as the gentleman thinks his bills are important to him?

Mr. SMITH of Minnesota. You know and I know that 19,000 of those bills are duplicates that do not have to be considered.

Mr. HOWARD. Oh, no.

Mr. SMITH of Minnesota. But you all know that you have measures before this House that are important to your respective districts and to the people of the whole country. Let us get them out. Do you not think that it is about time that we cease following a legislative program which presents for our consideration, in part, at least, legislation that is apt to be very

detrimental and mischievous and take up a program of our own until we have disposed of such matters as are pressing for immediate action, and then, if we have any time left, we can fall back on this made-to-order and furnished-free-of-expense program and see what there is in it that commends itself to us?

Mr. DIES. Does the gentleman realize that he is now preventing the House from considering the Post Office appropriation bill?

Mr. SMITH of Minnesota. I realize this, but I want the House to understand that unless the committees of this House get to work—

Mr. DIES. How can they get to work when the gentleman has the floor? [Laughter.]

Mr. SMITH of Minnesota. Never mind, that is cheap witticism, but I will give you something that is not cheap. Until the committees get to work there will be no work done in this House on unanimous-consent day, or at any time, without a quorum.

Mr. BARKLEY. Will the gentleman yield?

Mr. SMITH of Minnesota. My time has expired.

Mr. STEENERSON. Mr. Chairman, how much time is remaining for general debate?

The CHAIRMAN. The gentleman from Minnesota has 47 minutes remaining, and the gentleman from Tennessee has 37 minutes.

Mr. STEENERSON. Mr. Chairman, I yield to the gentleman from Illinois such time as he desires.

Mr. MANN. Mr. Chairman, in the Washington Post of Sunday, and I suppose in many other newspapers were similar articles, there appeared an article headed:

FAMINE STALKS THROUGH MEXICO; WIDOWS AND ORPHANS BEG FOOD.

Conditions of famine and suffering in Mexico, said by some observers to rival the distress in the European theaters of war, are described in reports yesterday to the American Red Cross with appeals for help.

Consul General Hanna has sent the following message from Monterey: "There is an alarming shortage of staple food supplies. Several outlying towns are appealing to me for help. If the winter keeps cold there will be great suffering. I need 2,000 cheap blankets. After four years of war this whole country is short of food."

The consul at Matamoras confirms an appeal, which said: "The conditions in Europe which shock the civilized world have existed here against our borders for four years unconsidered. Mexico is peopled with widows and orphans, and famine is in the land. One sees it daily in emaciated forms, shrunken cheeks, tightly drawn skin, and burning eyes, sees it in the faces of women, old men, and little children. Many have died on American soil during the past year, ostensibly from obscure diseases, but actually from starvation, and there are hundreds of children who have never had sufficient food in their lives. The sound of laughter and playing children is stifled in Mexico."

In another article in the same paper is the statement:

MEXICO CITY, December 26.

The circular by Provisional President Gutierrez ordering all generals recognizing the Anguascalientes convention to cease summary executions declares:

"There has come to my knowledge, causing me both pain and displeasure, that all social classes in this city are in a state of alarm and even panic-stricken at the continual disappearance of individuals who are kidnaped by night, either to exact money from them or to be murdered in some secluded place."

We do not let anybody else interfere in Mexico; we permit no other Government to go there and demand order, and I fear that this policy of ours, as it has been pursued of late, makes us responsible for the secret murders, as well as for the famine, the starvation, the stilling of sound of laughter and play of children in Mexico.

Mr. ADAIR. Will the gentleman yield?

Mr. MANN. Yes.

Mr. ADAIR. The article just read by the gentleman from Illinois says that this horrible war has been going on for four long years, two and a half years of which was under Republican administration, at a time when the gentleman from Illinois was the leader of the Republican side of the House. Will the gentleman tell us why it was not stopped during the two and a half years that his party was in power, when it was more easily stopped than it is now?

Mr. MANN. Is that a satisfactory question to my friend from Indiana?

Mr. ADAIR. It may not be satisfactory to the gentleman from Illinois, and although I would like an answer I do not want to embarrass the gentleman from Illinois.

Mr. MANN. Is it satisfactory to the gentleman from Indiana?

Mr. ADAIR. What is satisfactory?

Mr. MANN. The question that the gentleman has just asked.

Mr. ADAIR. Is the question satisfactory? Why, the statement that the gentleman makes on the floor of the House is that this administration is responsible for this situation, and that is not satisfactory, because it is not true.

Mr. MANN. I have made no statement concerning this administration. What I have said is true, and when the gentleman from Indiana says it is not true, he is trespassing on common politeness. He knows that it is true.

Mr. ADAIR. Why will not the gentleman explain to the House why his party did not stop it?

Mr. MANN. I have not had a chance.

Mr. ADAIR. I will give the gentleman a chance.

Mr. MANN. Whenever a proposition is made in this House concerning existing conditions, some gentleman on the Democratic side of the House, with more enthusiasm than information, rises, always hoping to get into the debate, and says "Why did not the Republicans fix it when they were in power." Well, we made a great many reforms while we were in power, but we could not make the world entirely perfect. The question is now, What will we do concerning the situation in Mexico? The gentleman from Indiana defends the present situation by asking, "Why did not the Republicans correct it while they were in power years ago?"

Mr. ADAIR. Will the gentleman yield?

Mr. MANN. No; I do not yield. The gentleman does not hit the point on any question.

Mr. GARNER. Will the gentleman yield for a pertinent question?

Mr. MANN. Certainly; if it is pertinent.

Mr. GARNER. What would the gentleman's remedy be for the present conditions in Mexico?

Mr. MANN. I am not called upon to state what my remedy would be.

Mr. GARNER. The gentleman has stated that certain conditions exist, and I agree with him that some remedy, if possible, ought to be applied.

Mr. MANN. Does the gentleman think that every remedy has been applied? If the gentleman will answer that, I will answer his question.

Mr. GARNER. When the gentleman states what he has he ought to have some remedy in mind himself.

Mr. MANN. Not necessarily. I frequently call attention to evils without attempting to specify the method of correcting them. I have not reached the point, like the gentleman from Indiana, where I think I know it all.

Mr. MOORE. Will the gentleman yield for one question?

Mr. MANN. If it is a pertinent question.

Mr. MOORE. I think it is. Did this condition of things which the gentleman has described in Mexico prevail during a Republican administration?

Mr. MANN. They did not; but that is neither here nor there.

Mr. BARKLEY. Will the gentleman yield?

Mr. MANN. Yes.

Mr. BARKLEY. Does the gentleman admit that he has no remedy?

Mr. MANN. I am perfectly willing to admit that I am not the administration. I do not have the executive authority, and I can not undertake to say what I would do if I had that authority. Does that help the gentleman? But if I had the authority, I would find a way of correcting these evils. [Applause on the Republican side.] There are the evils—executions, murders, starvation, famine, rapine, throughout the land of Mexico. We are preventing anyone else from obtaining order there, and we have not as much nerve in the present Department of State upon this subject as would supply an anglerworm. [Applause on the Republican side.] It may satisfy some gentlemen to say that we can not do any better. If we can not do any better, then we ought to withdraw our assumed power over Mexico. We have no moral right to say that anarchy must continue to exist in Mexico, and we are responsible before the world to-day for the deplorable conditions existing there. If there were a proper conception of our duties, we could easily—yes, easily—bring order out of chaos, and that without war.

Mr. KENT. Mr. Chairman, will the gentleman yield?

Mr. MANN. Yes.

Mr. KENT. Mr. Chairman, I would like to ask the gentleman from Illinois in what consists our assumed authority in Mexico?

Mr. MANN. Oh, I do not think it is necessary to go into that. Everyone knows that we assume the authority. We do not let any other nation exercise jurisdiction there.

Mr. GOODWIN of Arkansas. Mr. Chairman, will the gentleman yield just there?

Mr. MANN. For what?

Mr. GOODWIN of Arkansas. For a question.

Mr. MANN. Yes.

Mr. GOODWIN of Arkansas. This is not asked except in good faith, I assure the gentleman, and speaking of our failure

to take cognizance of the matters existing in Mexico, the gentleman has just said that we have refused—

Mr. MANN. That is not a question.

Mr. GOODWIN of Arkansas. Oh, the gentleman will not be too facetious. I would like to frame my question.

Mr. MANN. Very well.

Mr. GOODWIN of Arkansas. The gentleman has said that we will not permit others to bring about a remedy there. That being the case, how would that involve us as to the Monroe doctrine, and what would be the gentleman's position with reference to that doctrine?

Mr. MANN. Mr. Chairman, I am in favor of maintaining the Monroe doctrine; that is the Monroe doctrine. [Applause on the Republican side.] I am not in favor of abandoning Mexico to anarchy in Mexico or to control by European Governments. [Applause on the Republican side.]

Mr. Chairman, in to-day's morning papers appears an article stating that the administration had protested to Great Britain against its policy of seizing neutral vessels with neutral goods consigned to neutral countries. If the statement is true that a sharp protest has been made—and I say if the statement is true, and I hope that it is true—I commend the administration for taking the action that it has. I agree entirely with the proposition that it is the duty of this country to keep out of entangling alliances in connection with the European war, but I do not believe that because that is true we ought to resign all of our rights on the seas to foreign countries. England has been persistently seizing neutral vessels containing neutral cargoes consigned to neutrals in neutral countries, carrying those vessels and their cargoes into her own ports. I know of one instance where a vessel was seized on the 5th of November, a long time ago, which contained perishable goods. It is still lying in an English harbor; and I am glad that the administration is now taking the position that we have our rights on the seas, both as to England and as to Germany, and as to all of the other countries which may be involved in this war. [Applause.] We do not intend, in order to keep out of the war, to say to warring nations, "You can do what you please, without regard to our rights or international law, with our goods on the high seas." We have rights. There is not any danger of our getting into war because we stand up for those rights. England can not afford to war with us; neither can Germany; and neither country will insist upon seizing our property contrary to the rules of international law, and I hope the administration will insist that we have the right to ship goods in neutral vessels to neutral countries and preserve our rights abroad. They have no moral right to destroy all of our commerce. It may be that some of the nations would like to destroy American commerce while they are destroying the commerce of each other, but we must uphold our rights upon the high seas with dignity and with firmness. [Applause.]

Mr. STEENERSON. Mr. Chairman, I yield to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, a little time yet remains for general discussion of the Post Office appropriation bill. I desire to use a few moments in which to discuss the difficulties which confront the Postal Service in the outlying portions of the extreme Northwest. I call the attention of the committee to the post-road map of the State of Washington. I feel sure the Members will be surprised to learn that a considerable portion of the letter-carrying service from this point in Clallam County, at the extreme northwest of the United States, clear down below this great forest reserve—the Olympic—and below this great Indian reservation—the Quinalt—through this more or less settled country to the city of Moclips, has entirely broken down.

The extension of the parcel post, while a great blessing generally, has been fatal on mail routes in the mountains. Pioneers away out yonder, who can keep in touch with the world only by means of letters and papers, now receive neither. Time was when the mail carriers came through once or twice a week, regardless of storm or condition of road. Now they come no more. Their bids for carrying the mail, including the 50-pound packages, are so high that the department declines to accept them.

For instance, the lowest bid for carrying the letter mail and parcel post on the route from Taholah to Elk Park, 45½ miles, was \$12,000 a year. Note the fact that Taholah is in the Indian reservation and Elk Park is in the great forest reserve. Also that this route offered the only connection for getting mail into all of southwestern Jefferson County. Now, then, the department says:

The sum is entirely out of proportion to the importance of the postal facilities to be afforded by the route, particularly in view of the re-

quirement of law that the Postmaster General should have due regard to productiveness in the establishment and maintenance of star routes.

Mr. Chairman, the little offices along that route are not particularly productive. That is true. The productiveness is at the other end—out in the United States generally—where parcel-post packages originate. This particular route was broken down with 50-pound packages, and while sometimes there was a shortage of packages there never was a shortage of catalogues from mail-order houses, each catalogue as weighty as a piece of hickory stove wood.

The business for these little outlying offices originated outside and broke down the routes, so that now the pioneers away out there, far from the beaten lines of travel, receive neither letters, newspapers, nor packages by mail. They are again victims of the march of progress, just as they were victims when the great forest-reserve blanket was thrown over them, destroying their chances for development, progress, more population, good roads, schools, and churches.

Now, Mr. Chairman, while the Government holds the land and the timber in the sacred name of conservation, these citizens who heeded the call "Back to the land" are denied that boon which this Government has gladly given since Ben Franklin founded the Postal Service—the free delivery of letters.

Last summer the Interior Department had workmen in that country and paid them \$3 a day and board, and also paid well for horses and their keep. In that country the Forest Service maintains a pack train, paying \$1 a day per horse, furnishing feed, and giving the owner of each horse \$75 a month.

Now, then, consider that the unfortunate Indian, Toby by name, who had the contract to carry the mail into western Jefferson County the other way—via Forks—began by carrying the letters and papers on his back, and going as a runner for 30 or 35 miles. Then, when the 12-pound parcel post was introduced, he bought an old gray horse, and when 50 pounds became the limit of weight he kept on adding horses, until when he threw up his contract he found himself riding his old horse and leading six others, all for the original price. He had to ford Hell Roaring Creek—rightly named, by the way—and had to unpack the mail from the six pack horses and swim them across the Bogachiel River, then carry the mail across the footbridge and repack the horses—all for the original mail-package price.

When Indian Toby quit his bondsmen endeavored to keep up the route. The next man who tried it had a sad experience. W. P. Elliott, of Pines, writes:

Since the expiration of the last contract, June 30, 1914, we have no mail carrier. Parcel post nearly ruined the contractor during his contract term and forced him to mortgage his homestead and finally to throw up the job. As a result, all bids tendered the department are too much above the former figures for a new term and the department seems loath to accept any of the new bids offered.

Mr. Elliott, by the way, offers to carry the route at considerably less than paid by the Forest Service for men and pack horses, and to accept pay only per number of horses needed. Mr. Elliott now travels 18 miles for his own mail.

Mr. HAMILTON of Michigan. About how large a population occupies the counties the gentleman is describing?

Mr. JOHNSON of Washington. I should say that in these vast country districts, covering portions of three counties, there are something like eight to twelve hundred people who are staying on the land and who wish to see the country prosper and develop.

Mr. HAMILTON of Michigan. Considerable of a rural community there?

Mr. JOHNSON of Washington. Yes; and they appreciate not only the mail, but the parcel post. It is not their fault that the roads are not better. The United States Government itself owns most of the land there, and withholds it for far distant generations.

Parcel post, before the routes there collapsed, gave these people a market. Why, they shipped out dressed hogs, cut in halves or quarters; they shipped out butter, and goodness knows what. Now they send no mail at all, and get none at all, and are met with the charge that their little post offices are not productive.

Mr. STEENERSON. Is it your theory that the parcel mail obstructs the first-class mail?

Mr. JOHNSON of Washington. Yes; in these cases the weight has broken down the routes to the outlying communities.

Now, in other localities in my district the Government has saved the situation by making double contracts; that is, one contract for letter and paper mail and another for parcel post. For instance, on the daily route from Morton to Lewis, 34 miles, the carrier receives \$3,333 for carrying the mail proper and 2 cents a pound for all parcel-post packages—that is, \$40 a ton.

Mr. BORLAND. Mr. Chairman, I desire to ask the gentleman whether this is a rural or a star route?

Mr. JOHNSON of Washington. Star route, with a rural-route attachment. Patrons hang their outgoing mail on forked sticks, in small waterproof sacks, and the star-route carrier drops small sacks along the route with the mail for patrons. The bulk of his freighting business—parcel-post freight, if you please—goes from town to town.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JOHNSON of Washington. Mr. Chairman, I would like 10 minutes more.

The CHAIRMAN. The time has been fixed and is in control of the gentleman from Tennessee and the gentleman from Minnesota.

Mr. STEENERSON. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 25 minutes remaining.

Mr. STEENERSON. I yield the gentleman an additional 10 minutes.

Mr. SAMUEL W. SMITH. Will the gentleman yield?

Mr. JOHNSON of Washington. Certainly.

Mr. SAMUEL W. SMITH. Is this carrier making 34 miles every day?

Mr. JOHNSON of Washington. Yes; 34 miles a day.

Mr. FITZHENRY. Have you any figures on the route that runs out of Clallam Bay?

Mr. JOHNSON of Washington. Yes.

Mr. FITZHENRY. Is not there one which runs from out to a place called Quillayute Bay?

Mr. JOHNSON of Washington. Yes; that is the route which connected with two roads, twice-a-week routes, one down into the forest reserve.

Mr. FITZHENRY. And you say that route is 34 miles long?

Mr. JOHNSON of Washington. I do not know what the length of that route is. It looks as though it were about 25 miles long.

Mr. FITZHENRY. And that carrier receives \$3,300?

Mr. JOHNSON of Washington. No; that pay goes to another carrier over in a much more thickly populated section of the district.

Mr. FITZHENRY. Has the route to Clallam Bay been abandoned?

Mr. JOHNSON of Washington. No; it has not been abandoned, but its connections have been.

Mr. FITZHENRY. Well, I would not carry mail on that route for \$3,300 a month.

Mr. BORLAND. In which is the failure, the star routes or the rural routes?

Mr. JOHNSON of Washington. In both, I think; but principally in these outlying star routes. The territory is, of course, rough; it is sparsely settled, and the Post Office Department—ever since parcel post was introduced—has labored earnestly to solve the problem; so has the House Committee on the Post Office and Post Roads. I am pleased to say.

Mr. COOPER. Will the gentleman yield?

Mr. JOHNSON of Washington. Certainly.

Mr. COOPER. Did I understand the gentleman to say that one of these carriers received \$3,300?

Mr. JOHNSON of Washington. One carrier on a rural route receives \$3,333 per year for carrying letters and papers and 2 cents a pound for parcel post.

Mr. COOPER. How long is that route and under what circumstances is this mail carried?

Mr. JOHNSON of Washington. It is 34 miles long.

Mr. COX. What is the average weight of the mail carried?

Mr. JOHNSON of Washington. I can not say. The letter and paper mail, I presume, amounts to three or four sacks daily. The carrier receives \$3,333 for carrying that, and he receives 2 cents a pound on all parcel post which he carries.

Mr. COX. What is the total weight?

Mr. JOHNSON of Washington. It varies, of course. It runs into tons. A big wagonload daily, over 34 miles over as good a road as the people—already overtaxed—can provide, but, withal, as poor a road as man ever permitted to be called by the special designation "good road."

Mr. COX. Does not he get that salary now under the new appropriation for rural routes?

Mr. JOHNSON of Washington. I do not think he does.

Mr. COOPER. I want to find out something about this carrier—

Mr. JOHNSON of Washington. Well, we are discussing him. He certainly earns his pay.

Mr. COOPER. I want to find out about him, because it is the most extraordinary statement. In my country when they

say a carrier has 25 miles to travel it means 25 miles out and 25 miles back.

Mr. JOHNSON of Washington. He has a route 34 miles long and 34 miles back; what is known as a double route. He keeps horses at both ends of the route, and relays besides.

Mr. COOPER. But he does not make it in one day over that route.

Mr. JOHNSON of Washington. Oh, yes, he does.

Mr. COOPER. Sixty-eight miles?

Mr. JOHNSON of Washington. Yes. He makes it in one day. He starts very early in the morning and gets back very late at night. He earns the 2 cents a pound paid him for hauling parcel-post freight, even if the Government receives only 1 cent a pound. The Postal Department is prosperous. It shows a surplus. What it loses on this route it makes on others. I contend that similar double contracts should be made on all hard, mountainous routes, not only in the State of Washington, but in all of the States from the Rocky Mountains west. I hold that if it is advisable to appropriate a liberal sum, as is done on page 25 of this bill, for mail-carrying emergencies in Alaska, it is also advisable to appropriate extra money for emergency mail carrying in each of the 11 so-called public-land States, where the Government holds—withholds—many of the principal resources.

Further, it is proposed in this bill to put the straight rural routes on a contract basis. Under such a plan bids in the West will either be so low that the successful bidders will be unsuccessful in attempting to live and pay for horse feed, or the bids will be so high that the post-office officials will refuse to accept them, and the hard, outlying rural routes will be like some of these star routes—as dead as Hector. Remember, a heavy incoming parcel post and a small outgoing mail on a route is supposed to be bad business from the standpoint of a Post Office Department that schemes to show a profit, as if the postal system must be a business proposition rather than a convenience to all the people.

Mr. Chairman, while we have the outline map of Washington before us, permit me to call attention to two or three things that are tending to diminish the incomes of these outlying offices.

Here [indicating] is a great national monument, comprising 600,000 acres. No mining or prospecting permitted in there. Strike away that unnecessary monument and you will open the way for the development of great tin mines—probably the greatest in the United States.

Here is the Olympic forest reserve and here are river valleys all through these slopes. Open these valleys to agriculture.

Here is British Columbia, from whence was shipped to Puget Sound a few days ago the largest raft of logs ever put together—dumped on a broken free-trade market. And yet some persons have the effrontery to say that the Underwood tariff bill has not hurt that country.

Here are the Straits of Fuca, into which come ships bringing free butter, made in Australia's summer to sell in our winter, and ships from China bringing eggs to further make it harder for these pioneers, these frontiersmen, to extract a living from the tracts that a generous Government has given them, where they live without electricity, without railroads, and now without that greatest boon of all—the United States mail.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. STEENERSON. Mr. Chairman, I reserve the balance of my time.

Mr. MOON of Tennessee. I yield five minutes to the gentleman from Tennessee [Mr. McKellar].

Mr. McKELLAR. Mr. Chairman, when the Post Office appropriation bill first came up several days ago and a rule was presented from the Rules Committee making certain proposed legislation in order in that bill I voted against that rule.

My reasons for this vote are, first, that one of the proposals made in order was a wholesale cutting down of salaries of postmasters and certain other officials named in first and second class post offices and the entire abolition of the offices of assistant postmasters. The other was a proposal providing for an interference with the rural carrier service. I do not undertake to say that the matter of these salaries of postmasters and their heads of departments ought not to be readjusted. Perhaps they should. At all events, if this had been the only trouble I might not have voted against the rule, though I doubt the wisdom of making the sweeping reductions proposed in this rule. Nor do I think assistant postmasters ought to be abolished. In many of the offices they are necessary and ought to be retained. I have never believed, however, that they ought to be under civil service, but, on the contrary, believe that they should be appointed by the postmasters. If

their services in any way have become ineffective, it is because of the ridiculous idea that placed them under civil service. The idea that a postmaster, especially of an important office, is obliged to have an assistant chosen for him, who holds his office independently of the postmaster, is one that I do not think commends itself to any reasonable person, unless that person has an ax to grind. Naturally the Republicans desiring to perpetuate themselves in office put in the system and would like to continue it, but when they put these offices under civil service they rendered them practically of very much less value than they were before. I would much have preferred a rule providing that these assistant postmasters be appointed by their chiefs, or certainly appointed on his recommendation.

RURAL CARRIER SERVICE.

Another proposal provided for by the rule was the experimental contract system of rural-route service.

I am opposed to any interference with the rural-route service, and I voted against the rule on this account. I wish, first, to quote from the last report of our able Postmaster General, when he says, on page 6:

The service has been administered for the convenience of the public, not for profit.

And again, on page 7:

The Postal Service may not be operated wholly upon lines of private enterprise.

In addition to this, as shown by this same excellent report, and we know from other sources, never in the history of the department has there been such a successful and efficient service as we have now, and probably for the first time in its history it is on a paying basis. Why, then, this sweeping reduction in salaries of officers and a desire to change the rural-route service to a contract system? The rural-route system is the especial pride of the department and of the country. It is one of the most important factors, if not the most important factor, in building up and making pleasant country life. Its educational advantages can not be overestimated. It has done more to ameliorate and make happy the life of the rural resident in the last few years than all other causes put together. It has done more to give him and his children educational advantages than any other cause except, perhaps, public schools, and in many instances its educational value is greater than that of the public school. It has put the rural resident in regular and daily touch with all the rest of the world. It has given him a new interest in life. It has relieved him from that personal isolation which makes for deterioration of both moral and mental strength. Seeing every day what his farmer neighbors from all parts of the country are doing, it encourages his ambition to achieve better results on his own farm. He is kept in closer touch with city life, and accordingly becomes more familiar with its wants and necessities. He knows better what to raise for sale. He is made familiar with the markets and knows better how to supply them. He is taught the advantages of diversifying his crops. He learns the immense saving in raising all his own food supply at home. He soon finds that he may easily raise just as much staple crops, like corn, wheat, and cotton, and yet at the same time raise cattle, hogs, sheep, poultry, vegetables, fruits, and berries for home consumption, and even for sale in home markets. The parcel post, conducted by the same rural carrier, gives him a market for anything he may have to sell direct to the consumer at a larger price, and a ready means of obtaining anything he might want to buy at a lower price. No one who has never lived in the country under the old conditions and in the country under the new conditions, with rural-carrier service as we now have it, can understand the untold blessings and advantages that come from the successful building up of this service and what its efficient maintenance means to the country resident.

In the last few decades there has been a tremendous influx to the cities from the country districts, greatly to the detriment of the whole country. Without this rural mail service that influx would have been vastly greater and the damage caused would have been vastly more. We must not let it be interfered with except for better reasons than an anticipated lessening of expense.

RURAL CARRIERS.

I know many rural carriers. They are intelligent, honest, honorable, industrious, accommodating, and polite. They live in the open air. They see many people every day, and are, or soon become, good mixers. They take great interest in their work. They take a great interest in the people along their routes. They are good citizens, good neighbors, and good friends. The installation of the parcel-post system has added greatly to their labors and responsibilities. They are all advocates of good roads. They are advocates of better education. They are advocates of rural development. They are advocates

of diversified farming. They are advocates of home industries. They are advocates of local markets. They are advocates of direct exchange between producers and consumers, without the expense of middlemen. They are for all these things because it is in their direct interest so to be. Their salaries are—to some extent, at least—dependent upon the business they have to do and the business done along their route.

They come from the communities which they serve. They represent the best and most enterprising element of their several communities. They form a leading part in their own local life. They mold in a large degree the local thought. They are influential in religious, in moral, in social, and in the business life. They stand well because, as a rule, they come from the best people and because they represent and are looked upon as representing the great Government of the United States.

The Government picks the best men for this service. They have to stand competitive examinations. They have to be educated and honest and straight. They have to be first-class men in every respect. They have to be reliable, sober, and energetic men. They perform one of the greatest economic functions of our national life, and they perform it so successfully that every thinking man is proud of the system and of them.

WHY THE CHANGE?

Why should we change this system that has worked so well? Simply because it may be done cheaper? As stated before, our Post Office Department—certainly under its present most excellent management—does not intend that it should be run for profit. Of course the department wants and we all want to get the best service at the lowest price. But will a change to a contract system bring this about? I do not believe it. I believe it will be a false economy to try it. I do not believe we can get any satisfactory results from a rural contract system. It is true at present we pay our rural carriers well. It is doubtless true they make more in this service than they could make in any other rural work; but, as stated before, they are picked men; they ought to have more for that reason. They ought to be paid well as long as they so successfully perform their duties. Let us cut down expenses in some other way, but not at a place where it will hamper and injure the most effective service that the Government is now doing. The rural carrier has won his place in our economic life by merit. Let us render to him his just due and not take away from him that which he has made.

Mr. MOON. Mr. Chairman, I yield to the gentleman from the Philippines [Mr. QUEZON].

Mr. QUEZON. Mr. Chairman, as if the European war did not afford enough sensational news, there have been sent during the past week by newspaper correspondents at Manila or from some other source dispatches that must have put the nerves of many readers in this as well as in my own country to a severe test. I refer to the current reports of an uprising among the Filipinos.

It is my purpose to call the attention of the House and of the American people to the true nature and purpose of these reports. A review of them will furnish a fair idea of what the so-called revolt now announced really is. On December 18 the following telegram was printed in the New York Herald and elsewhere.

MANILA, Thursday.

American and foreign business men here express the fear that the promises contained in the Jones bill providing for a measure of independence for the Philippines might lead to an uprising of the natives.

This dispatch is very significant, because it at once affords the means for an interpretation of the other dispatches. We are told, in effect, that in the opinion of the American and foreign business men in the Philippines there will be an insurrection there should the preamble of the Jones bill, which contains this promise of independence, be approved by the Senate, where the bill is now pending. Who these American and foreign business men may be we are not told; why they fear an uprising of the natives should the islands be promised independence we are left to guess. Only one thing is apparent from the dispatches—the Senate is advised to strike out the preamble of the Jones bill lest it produce a revolt among the natives. As to this I desire only to note that if there is one feature in the Jones bill that meets with practically universal approval on the part of the Filipino people it is the preamble of the bill. Why, then, should they revolt if the Congress of the United States should satisfy their desire? I do not suppose that the correspondent of the Herald or his informants—if he had any—will ever be able to give us any adequate explanation of so absurd a conclusion.

But let me continue: At the time this dispatch was sent from Manila there was as yet no apparent sign of impending revolt; there was only the assertion that revolt would ensue upon the

passage of the Jones bill, provided it contained a promise of independence. At the very earliest this bill could not get through the Senate before the month of February, so that we who had been forewarned of this impending outbreak could not look for the threatened trouble before that time, and then only in case the preamble had not been defeated in response to the suggestion contained in this dispatch.

Alas! On December 21, just three days after the above-referred-to dispatch saw the light in this country, the New York Times published the following cablegram:

MANILA, December 20.

Soldiers arriving from Corregidor Island report that two companies of Scouts there have been disarmed and that American soldiers have been supplied with full ammunition. They allege that a plot has been discovered to free the prisoners and start an uprising.

The military is silent, but the wildest rumors are current.

Many other newspapers published this same story, some of them with such details that the War Department deemed it necessary to inquire of the Governor General what truth there might be in these dispatches. Consequently the department sent to the Governor General the following cablegram:

Special dispatch to New York Herald, December 17, reports threatened revolt Filipinos. Special dispatch New York Times, December 20, reports two companies Scouts on Corregidor Island have been disarmed, and that plot has been discovered to free prisoners and start an uprising.

To which the Governor General answered:

Referring to telegram from your office of 21st instant, no foundation whatever known here for either report.

It thus appears that neither the dispatch to the New York Herald nor that printed by the New York Times had any foundation in fact. How could such a disregard for truth be possible? In the dispatch to the Times we are given the number of companies that have been disarmed and the place where the attempted uprising took place, and yet there was not even a shadow of foundation for the whole thing. But this is not the worst. After the American authorities at Manila—the Governor General and the commanding general—had officially denied that there had been any attempt on the part of the Scouts to make trouble, those who sent these messages to the newspapers I have quoted, instead of honestly acknowledging their misinformation, sought to make the American public believe that they told the truth, but that the military authorities were concealing it, as can be seen from the following cablegram published in the New York Tribune of December 24:

MANILA, December 23.

Trustworthy but unofficial reports declare that Artemio Ricarte is in the Philippines directing the seditionists. Tagalogs, it is stated, are drilling openly, and Cavite is a hotbed of revolutionists. Gov. Gen. Harrison is taking no action, but the military authorities are preparing for an outbreak. The infantry at Manila are sleeping on their arms. It is denied by military officers that they have discovered a plot among the Filipino Scouts on Corregidor Island, under Ricarte's direction, to liberate prisoners, seize the treasury, and send money to Hongkong to finance a Philippine revolt. The report, however, is credited by others. The government has issued arms to civilians on Fraile and Carabao Islands.

This cable reiterates the alleged plot among the Filipino Scouts, and asserts that while it is denied by the military authorities, "the report is credited by others." Can any reasonable person fail to recognize the unfairness—nay, the evident malice—of this dispatch?

It is to be noted not only that in this latest report the story of a plot among the Scouts is reiterated, but that other more alarming news is given. "Artemio Ricarte," it is asserted, "is in Manila directing the seditionists. The Tagalogs are drilling openly, and Cavite is a hotbed of revolutionists. Gov. Gen. Harrison is taking no action, but the military authorities are preparing for an outbreak. The infantry at Manila are sleeping on their arms."

Mr. Chairman, I must pause here for an instant to sound my most energetic protest against the infamous suggestion contained in this telegram, that Gov. Gen. Harrison is guilty either of criminal negligence of his duties or of disloyalty to his own Government—the Government of which he is the official representative in the insular administration. Such a suggestion as this should provoke the just indignation of every self-respecting American. While I am a Filipino, and while, as everybody knows, I advocate early withdrawal of American sovereignty over the Philippines, yet so long as the American flag is there I owe allegiance to that flag, and therefore I resent this cowardly and absolutely baseless aspersion upon the integrity of the man who represents this Nation in my country.

But the New York Tribune is not the only newspaper which has been furnished such news. On December 23 the New York Times submitted to the Secretary of War the following cablegram which had been received by it from Manila:

Riot guns are being distributed to American civilians on Carabao and Fraile Islands, and 100 rounds, with full equipment, has been dis-

tributed to soldiers in Manila. Barrels supposed to contain cement were shipped to Corregidor and found to contain bolos. Two native scout officers and companies were disarmed and confined in Corregidor.

The plan was to free prisoners by a sudden night attack, overpowering scout guard and capturing the island. The day was fixed for between Christmas and New Year. In the past few months there has been notable increase so-called boy scout organizations, composed mostly of grown men, drilling throughout Manila Provinces.

Thereupon the Secretary of War, on December 24, sent to the Governor General the following cablegram:

New York Tribune publishes cable to-day from Manila announcing preparations military to prevent carrying out plot followers of Ricarte for insurrection and disarmament two companies scouts at Corregidor and armament civilians in the islands in Manila Harbor. New York Times has cable as follows:

"Riot guns are being distributed to American civilians on Carabao-Fraile Islands, and 100 rounds, with full equipment, has been distributed to soldiers in Manila. Barrels supposed to contain cement were shipped to Corregidor and found to contain bolos. Two native scout officers and companies were disarmed and confined in Corregidor. The plan was to free prisoners by a sudden night attack, overpowering scout guard and capturing the island. The day was fixed for between Christmas and New Year. In the past few months there has been notable increase so-called boy scout organizations, composed mostly of grown men, drilling throughout Manila Provinces."

New York Times says the above information was received on high authority. Publication of this was probably suppressed because of strong statement of the Secretary of War to Washington representative of New York Times.

The Secretary of War desires to know whether there is any foundation whatever for reports of this character, recently become frequent.

While the War Department was awaiting the answer of the Governor General practically every newspaper in the United States published, on December 26, the story that an outbreak had taken place in Manila on Christmas Eve.

Let me read one of these stories:

REVOLT PLOT IN THE PHILIPPINES WAS SERIOUS—10,000 FILIPINOS IN MANILA PLANNED TO ATTACK FORTS—OUTBREAKS IN THE PROVINCES.

MANILA, December 26.

Eight Filipinos have been arrested on the charge of sedition as a result of an abortive rising in Manila and its environs Thursday night. Further arrests are probable.

From Army sources it is learned that a general warning was sent to all officers Thursday afternoon that fully 10,000 Filipinos in Manila alone were ready for a concerted attack on Fort Santiago, the Cuartel España, the Cuartel Infantería, and the medical depot.

Military units were immediately prepared, and a street patrol was started at dusk.

Constabulary agents who are members of the secret societies disclosed the plans for an uprising, thus enabling a force of constabulary and police to disperse gatherings at Bagumbayan, Paco, and Navetas, near Malabon.

SAILORS FIGHT WITH CHAIRS.

At Caloocan a squad of American sailors seized chairs when a force of Filipinos approached a dance hall in which they were gathered and, using the chairs as weapons, routed the Filipinos, of whom quite a number were injured.

The rising was evidently poorly organized and lacked leaders. It was composed mostly of persons implicitly trusting Artemio Ricarte, a revolutionary, who conducts a continual propaganda from Hongkong, to which he was banished by the American authorities some time ago.

Ricarte, it is said, advised that the anti-American attempt be made on Christmas Eve, when American officers would be celebrating the holiday.

Reports from the Provinces tell of minor risings and occasional violence, but details are lacking.

SITUATION WELL UNDER CONTROL.

The situation to-day, from all appearances, and according to official statements, is well under control.

In more or less the same language this story was printed in many newspapers and was apparently taken very seriously by many editors, since it called forth editorials pointing out the unwisdom of enacting at this time any measure granting more self-government to the Filipinos and looking toward independence. This result is exactly what the authors of these dispatches have been trying to accomplish. In order to influence American public opinion against any liberal legislation for the Philippines, they told of uprisings said to be probable if such legislation should be written into the statute books; then, of a plot of scout soldiers, of the arming of civilians by military authorities, and finally of an actual general revolt said to have occurred on Christmas Eve.

I have already demonstrated that both the civil government and the Army headquarters have denied that any plot on the part of the scouts has been discovered, and that there had been any arming of civilians. Let me now analyze the character of this general outbreak, as disclosed by the story itself as I have read it. The dispatch says that "fully 10,000 Filipinos in Manila alone were ready for a concerted attack on Fort Santiago, the Cuartel de España, the Cuartel de Infantería, and the medical depot." This sounds like a very serious uprising, does it not? Ten thousand Filipinos ready for a concerted attack on all the garrisons at Manila! And yet note the statement of the paragraph immediately preceding, which says: "Eight Filipinos have been arrested on the charge of sedition as a result of an abortive rising in Manila and its environs Thursday night." Eight Filipinos arrested! What became of the remaining

9,992 rebels? Does not the arrest of eight men point rather to some infraction of a municipal ordinance—a common occurrence anywhere, especially on Christmas Eve—than to a general rebellion?

Let us examine another paragraph:

At Caloocan a squad of American sailors seized chairs when a force of Filipinos approached a dance hall in which they were gathered, and using the chairs as weapons routed the Filipinos, of whom quite a number were injured.

Mr. Chairman, how it is possible for any man with common sense to give serious credence to such news of revolt as this is beyond my comprehension. Think of it! Rebels picking out as their point of attack a dance hall and are met and repulsed with chairs by the dancers. The whole thing should be considered a joke, were it not for the serious consequences that stories of this kind might sooner or later bring about, unless the originators be unmasked. Do the writers of these stories realize that what they say is a reflection upon the Government of the United States? What has become of your work in the Philippines, proclaimed as altogether good, if after 15 years of American administration you are likely almost any day to be confronted with a revolt there? [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOON. Does the gentleman want more time?

Mr. QUEZON. Yes; if I could have more I should appreciate it very much.

The CHAIRMAN. How much more time does the gentleman yield?

Mr. MOON. I yield the gentleman five minutes.

The CHAIRMAN. The gentleman from the Philippine Islands is recognized for five minutes more.

Mr. QUEZON. What has become of your police organization said to be so magnificent? What has become of the proclaimed beneficence of your Government in the Philippine Islands if it does not at least serve to establish there an orderly government?

Mr. Chairman, the Governor General, after these stories had been published, responded to the cablegram of inquiry from the War Department as follows:

Referring to telegram from your office of the 24th instant, Army headquarters state there is absolutely no truth in the reports about Corregidor, Carabao, and Fraile alleged occurrences.

On Christmas eve there was a small and unsuccessful movement in Manila, connected with the Ricarte campaign. Ricarte has for several years conducted from Hongkong revolutionary propaganda, appealing to the most ignorant classes of Filipinos, and selling through his agents in the islands commissions in his so-called army for sums from a peseta to 10 pesos. During the past three months five of the Ricarte leaders have been arrested and sentenced to four and six years, including Ricarte's right-hand man. It has been regarded as a grafting scheme under a revolutionary guise, but from time to time arouses excitement among uneducated classes.

Christmas eve about 75 men, extremely ignorant, without firearms, met at the Botanic Garden in Manila and were dispersed by the municipal police without disorder, except that three shots were fired into the air by police and 20 men arrested. Eight of the latter were held upon the charge of carrying concealed weapons—knives and bolos. Nobody was injured, except one man shot by a policeman later in the night in another part of the city when he attacked policeman with bolo.

Movements of similar character occurred at Navotas, 10 miles from Manila, where about 40 men assembled and endeavored unsuccessfully to loot municipal safe, taking provincial governor prisoner, who afterwards escaped uninjured. Twenty of this party captured by constabulary or municipal police.

Ten men with two firearms in Laguna de Bay attempted to make trouble last night, with no results. Everything quiet now and vigorous attempt will be made to secure leaders, chief of whom believed to be man under sentence of imprisonment for homicide who has jumped his bail. Nobody of any standing or influence is concerned in this movement.

Mr. COOPER. What is the date of that?

Mr. QUEZON. This was sent from Manila on December 27. The Governor General, I say, after reiterating his previous cable advice regarding the lack of foundation for the earlier stories about a scout plot in Corregidor and the alleged arming of civilians on the Carabao and Fraile Islands, goes on to explain what happened in Manila on Christmas eve. He says:

Christmas Eve about 75 men, extremely ignorant, without firearms, met at the Botanic Garden in Manila and were dispersed by the municipal police without disorder, except that three shots were fired in the air by the police, and 20 men were arrested. Eight of the latter held upon charge of carrying concealed weapons—knives and bolos. Nobody was injured except one man shot by a policeman later in the night in another part of the city when he attacked policeman with bolo.

It is thus seen that the "revolt" in Manila, wherein 10,000 Filipinos were to take part, according to newspaper reports, consisted, after all, in a gathering of "75 men without firearms," according to the cablegram of the Governor General. The police fired three shots into the air, and the rebels dispersed without disorder. Eight men were arrested on the charge of carrying concealed weapons.

What kind of a "revolt" is this that can be dispersed by three shots in the air, without disorder, and in which the rebels

are without arms? As to the eight arrested men who were charged with carrying concealed weapons, it must be noted that in the Philippines the police could, if they chose, put into jail the whole population of the archipelago on the charge of carrying bolos and knives, because practically all of the laboring people carry either knives or bolos as a tool. This fact is well known to everybody familiar with Filipino life, and there is no law in the Philippines prohibiting the use or carrying of knives or bolos. Who, knowing the location and nature of the Manila Botanic Garden, could believe that would-be rebels would pick out as a gathering point this open and central place, where people go for their daily walks or rides? The Botanic Garden is like the parks in the United States—a common place of resort. I have seen thousands of people in that garden without their being interfered with by the police. Why this unusual apprehension at so small a gathering? Why should the police fire shots in the air to disperse the assemblage? Evidently these rumors of uprising have been circulated to the extent of exciting the nerves of the police, and at the sight of 75 men together an officer lost his self-control, thought it was time to be ready for the worst, and started firing into the air. How ridiculous! It must be remembered, Mr. Chairman, that this deplorable incident took place on Christmas eve, when, even in the United States, the municipal police is obliged to check disturbances of public order, except that here no one thinks of revolt. But in the Philippines some one had plainly made up his mind to find a revolution, and lacking better ground for his stories took hold of these insignificant police affairs to justify his desire to show that there was a revolution. Now, a word about Ricarte, the alleged head of this conspiracy. Ricarte is in Hongkong now, not in Manila, as stated by these reports. He has been carrying on his propaganda for many years. Governors General Wright, Smith, and Forbes all knew of it. And to show that there is absolutely nothing new in this matter, let me quote a part of a cablegram sent by Gov. Gen. Wright to the Secretary of War in 1904. It is as follows:

He is now reported to be in Ilocos Norte, and having followed closely. Am satisfied that he can accomplish little. Times and Cabelnews are trying to make a great sensation, and have probably sent wild telegrams to the United States, hence detailed. With the exception indicated everything wired as usual.

So the game is not new. Sensational stories of this kind have been reported in the past on the part of some people in the Philippines as handy means to accomplish certain purposes. Never, Mr. Chairman, since American occupation, have the Filipino people been so convinced of the high purposes of this Government toward them as they are now, and therefore never has there been so little discontent as there is now. As I recently said to the representative of a newspaper in this city, who asked me about this revolution, if every American soldier were taken away to-day from the Philippines, we, the Filipinos, would defend the American flag against possible invaders. [Applause.]

The policy of President Wilson, the policy of Gov. Gen. Harrison has made of every Filipino a real friend of the United States. We know that we need not despair; that our national ambitions are on the road to realization, and we are not going to do the very thing that alone would defeat it. We know only too well that a revolt on our part against the United States would mean the ruin of our country, the slaughter of defenseless and innocent men, women, and children. For these reasons, if for no others, I say, these stories of revolution are the most outrageous falsehoods that could be invented. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. MILLER].

Mr. MILLER. Mr. Chairman and gentlemen of the House, I find myself in many respects quite in accord with the gentleman from the Philippines [Mr. QUEZON], who has just spoken. I can indorse a great deal that he said, especially if I am permitted to add a few words. Like him, I have minimized the reports of an insurrection in the Philippine Islands. Like him, I do not believe the intelligent people in the Philippine Islands are now working for a revolution or an insurrection or in any way countenancing it. Like him, I know that anything like a revolutionary propaganda in the Philippine Islands to-day would be absolutely destructive of the best interests of the Filipinos, and many of them know it. Unlike him, however, I can not close my eyes to certain things of near moment and grave concern disclosed by these reports. But no final opinion should be formed upon the fragments of information thus far available, and I join with Señor QUEZON in eagerly awaiting that more complete information, in time sure to come, advising us of the exact nature of this insurrectionary

movement, informing us of the names of the leaders and the extent of the disaffection. But without waiting for another word of information I can indorse what he said and what Gov. Gen. Harrison said, that no distinguished, leading Filipinos were implicated in the movement, and I do not for one moment believe they will be. Nevertheless we should not close our eyes to these disturbances. They are not to be cast aside with a joke and a sneer. They have a serious, mighty serious, aspect, and we must meet these facts as they are. I say this with all the sincerity I can command, having regard to the interests of the Filipinos themselves.

A sporadic insurrection in the Philippine Islands is nothing new to this season. It is nothing new to this administration or to this year. Even while I was there, but little more than a year ago, across the bay at Zambales, in the mountains, 65 men or thereabouts started an insurrection with two shotguns. They called it an insurrection. They were all rounded up and captured and taken to prison, but most of them let out, because they were simply misguided individuals; and I could only think of the time when I myself as a boy joined some neighborhood boys and ran away. We stayed away one whole night, but came back hungry in the morning. This so-called insurrection is not indicative of anything nation-wide or fundamentally of grave concern, but is indicative of the fact that certain classes of the Filipino people are very easily aroused, easily misled, and easily made to play a false part by designing leaders. Not infrequently during past years there have been seditious movements, sporadic, local, with no well-defined purpose, all of which have been easily put down and more or less smiled at, because there has been a strong, stable, protecting Government ever since the American occupation. This is not the first occurrence of late. Two months ago a Filipino servant notified his employer in Manila of a definitely planned insurrection. The papers in this country have said not a word about it. Secretary Riggs took prompt action, placed constabulary in the disaffected region, and quashed any possible revolutionary spirit before it really burst forth. The Governor General, Mr. Harrison, ordered the constabulary home peremptorily, saying the alleged uprising was a joke. Recent events disclose that Secretary Riggs was right and the Governor General was wrong. A short time ago the administrative people in the Philippine Islands were shocked when there occurred what you might call an insurrection at the Iwahig penal colony on the island of Palawan, where honor prisoners of Billbid are grouped as colonists. There have been several of these insurrectionary ebullitions during the past few months. I think they teach an important lesson. The lesson is important to our Democratic brethren especially, but I do not suppose they will take it strongly to their hearts. After I came back from the islands, a year ago, I said on numerous occasions that there would be work for the Army of the United States and for the scouts and the constabulary in the islands within about a year unless some things were stopped. I find that what I said has come true.

It is important for us on this occasion to consider what the things were, the forces then observed, that in my opinion should have been stopped. One of the things that was notorious and that ought to have been stopped was the spreading broadcast among the people of a disrespect for the American flag. You can not call it anything else. When this administration got into full swing there was unconsciously given to the people the idea that to criticize, to belittle, to arraign, to condemn, to cry out against that which had been done by the American Government in the islands was to display good judgment and an easy way to win favor with the new authorities. I have heretofore called the attention of the House to this important fact. The inevitable result was that Filipinos lost respect for American sovereignty. This loss of respect has manifested itself in many press utterances and has now found expression in sporadic and puerile insurrection against our authority. No particular harm was done as long as the new spirit was confined to the educated, the self-reliant, and the self-contained, but all harm followed when it was utilized by renegade rascals like Ricarte, inflamed and infuriated, spreading in and utilized in a revolutionary propaganda. This man Ricarte has been carrying on this propaganda for several years—he and others like him. He was deported because he refused to recognize or obey American sovereignty. Formerly the work of this man and those of his ilk has been easily suppressed by a vigilant and efficient constabulary, who form a very effective military body. Nobody paid much attention to these little ebullitions. The men engaged in the work never got very far; they were apprehended and amputated from their beguilement of the simple-minded native into the treacherous avocation of a revolutionist. But recently, during the past year, Ricarte's men, and others engaged in the same business, have been very much more active, have grown vastly

bolder, have seized the anti-American feeling begotten by the policies and utterances of this administration when it was first instituted, seized hold of this wanton spirit, directed its activities, and brought forth an insurrection that really requires immediate and vigorous attention.

The other lesson taught by this incipient insurrection is more important yet. Of late in the islands all men seeking election to any political office, either important or insignificant, have been preaching independence. The people engaged in political activities have taken their cue from their leaders like Señor QUEZON and Señor Osmeña, and have vigorously promised the people to work for independence. Furthermore, these candidates for office have promised the people that when the Democratic Party secures control of the American Government Philippine independence will at once follow. Independencia inmediata has recently been preached with redoubled vigor. It was my belief when I left the islands that real trouble would follow consequent upon this. They greatly overtrained in their independence talk. In fact, I told some of the leaders I believed trouble would follow. It would follow because they knew and I knew that the Democratic Party would not, could not grant independence to the islands during any period near at hand. Furthermore, immediate independence would be shunned like the plague by the leading, thinking Filipinos if there was real danger that it might come at once. So it seemed to me then that when the ignorant among the Filipinos, who had been so liberally fed on independence promises, found there was to be no redemption of those promises now their disappointment might not be curbed except by the use of force. That is exactly what happened. Disguise it as you will, there has been keen, bitter disappointment among many Filipinos, especially in and around Manila, over the failure of the Jones bill, now pending, to grant independence outright. The better class of Filipinos are not among them; the real able leaders of the Filipinos are not among them; they are almost devoid of leadership, hardly armed at all; but outbreaks of this character may be expected in different parts of the islands.

There is another lesson we should not overlook. We here all minimize this insurrectionary movement; and why? Because there is in the islands and over the islands to-day a strong, stable, beneficent Government, that will protect life and property, that will preserve peace—the Government of the United States. Were that Government not there, what chaos might result.

I was very glad that the gentleman from the Philippine Islands [Mr. QUEZON] to-day did not repeat what he is credited in the press as saying, that this insurrection—if you want to call it that, although I do not wish to dignify it by too vigorous a name—has been stirred up by American interests in the island hostile to Philippine independence.

Mr. QUEZON. Will the gentleman yield?

Mr. MILLER. Yes.

Mr. QUEZON. If I am credited with having said that, it is not so. I said that these reports were inspired by business men or business interests.

Mr. MILLER. I accept the gentleman's correction. Very likely what he has stated is the true statement that he gave the press. But I am glad that the gentleman did not repeat even that, because I know that he does not believe it now after the information that has been received from Gov. Gen. Harrison. Such a statement is more ridiculous and more absurd than it is to say that this is a general insurrection of all Filipinos, trying to force Philippine independence. Both are absurd. It is utterly unthinkable that any American or American business interest would encourage any such enterprise. Such a statement is a gratuitous insult to the public spirit and the loyalty, both to Filipino welfare and to the honor of America, possessed by these men in such an eminent degree. It is also utterly unthinkable that any foreign business institution or interest would engage in any such business enterprise with such a disreputable reprobate as Ricarte or people of that character and kind. Nor have these interests in any way been instrumental in circulating the reports that we have received. Let the President, or anyone, make that statement at his peril. It has no foundation, in fact, and can rest only upon conjecture. But the truth will be known. While I do not think it ever will be shown that this movement is particularly serious or consequential, yet I venture it will be found that the facts thus far published will be found short of the truth.

I do not believe that this movement should have any particular effect on the passage of the Jones bill one way or the other, excepting as to the preamble of that bill. But I do believe that it indicates that the people who are implicated, the unlettered class—for no other group of people would gather as it is indicated they did and engage in the things they did unless

they were ignorant and unlettered—are easily misled. It also indicates that we should be careful as parties and as a Nation not to promise that which we can not and should not give, and that while we are in the islands, whether for a year or forever, that while American sovereignty is there, it shall have respect and loyalty from every soul it benefits and protects. [Applause on the Republican side.]

Mr. STEENERSON. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. CRAMTON].

Mr. CRAMTON. Mr. Chairman, there appeared in the Washington Times to-day a statement by the distinguished gentleman from Illinois [Mr. HINEBAUGH], chairman of the national congressional committee. It is a very wise and patriotic statement, and I ask to have it read in my time.

The Clerk read as follows:

HINEBAUGH IS FOR REUNION IN 1916 VOTE—SAYS BY THIS MEANS ONLY CAN REACTIONARIES BE DRIVEN OUT OF REPUBLICAN PARTY AND DEMOCRATS DEFEATED—IN STATEMENT ISSUED TO-DAY PROGRESSIVE LEADER POINTS OUT COOPERATION OF MOOSE AND RADICALS IN CONGRESS.

Advising members of the Progressive Party to unite with progressive Republicans in the 1916 campaign, to the end that the reactionary element of the Republican Party may be "cleaned out," and the continued domination of the country by the Democratic Party prevented, Chairman Hinebaugh, of the Bull Moose congressional committee, to-day gave out a statement.

Chairman Hinebaugh's statement undoubtedly will be considered by many politicians as pointing to a return to the Republican Party of the great bulk of the Bull Moose voters.

Mr. Hinebaugh does not believe that, under all the circumstances, it is for the public welfare for the Progressive Party to continue as a separate organization in the 1916 campaign.

WANTS WILSON DEFEATED.

He declares the reelection of Wilson and the Democratic Party "would not be a good thing for the country." He wants the Bull Moose voters and progressive Republicans to unite their forces, thus making the Republican Party subject to the control of the progressive Republican element and men of progressive views. He points out that Progressive Party men and progressive Republicans are practically one in their views, and can stand on the same platform.

Chairman Hinebaugh says the decision of the recent conference at Chicago to continue the Progressive organization was wise, but as to what shall be the ultimate object of that organization opinions may differ.

His statement is as follows:

"Personally I believe the Progressives who were lifelong Republicans—and 90 per cent of them were—should join with the progressive Republicans in the next fight, and clean out what is left of the reactionary element in the Republican Party, and thus compel the adoption of a progressive platform and the nomination of progressive Republican candidates to office.

CITES HIS REASONS.

"There are many substantial reasons for this view. First and foremost, the welfare of the people should be considered. The continuance of the Progressive Party as a distinct organization could have but one result, in my judgment, in the 1916 campaign, and that result would be to greatly increase the chances, if not insure the reelection, of Wilson and the Democratic Party.

"It is my judgment, based on my experience in the Sixty-third Congress, that such a result would not be a good thing for the country. Then, again, the record shows that on all matters of important legislation the Progressives and the progressive Republicans voted together, demonstrating beyond question that they think and believe alike.

"Again, the result of the recent primaries and election shows that if the Progressive voters had gone into the Republican primaries the old guard would have been defeated.

"The Progressive who left the Republican Party in 1912 can unite with the progressive Republicans and secure the results for which they both stand. Under separate organizations and divided at the polls, neither will be able to accomplish in a constructive way their ultimate objects, and the common enemy will win control of the Government.

"The rule of the minority, made possible only by a divided majority, where that majority has practically a common purpose can not result in working out the best interests of the people."

Mr. STEENERSON. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has five minutes remaining.

Mr. STEENERSON. I yield three minutes to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Chairman, I have on several occasions addressed at the desk criticisms of the Underwood tariff law on account of discrimination against the producers of the country. I ask to have read in my time a statement by the biggest Democrat of the biggest Democratic State in this country, Gov. Colquitt, of Texas.

The Clerk read as follows:

The administration's tariff law was pledged to lower the cost of living, and it has had the contrary effect. By putting raw material on the free list and keeping the protective tariff on manufactured goods it has condemned American farms by the hundreds of thousands to peonage, and has enabled the manufacturers, getting their raw materials cheaper, to charge higher prices for their goods, which they have done.

Hides were free listed, and shoes have gone higher. This is true of virtually every single item similarly treated in the administration tariff law. The American farmer gets less for his raw materials, the American workman pays more for the finished product, and both are robbed to further enrich the protected manufacturing trusts and combines.

Mr. STEENERSON. Mr. Chairman, I reserve the balance of my time.

Mr. MOON. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has 19 minutes.

Mr. MOON. I yield five minutes to the gentleman from Washington [Mr. BRYAN].

Mr. BRYAN. Mr. Chairman, the gentleman from Michigan [Mr. CRAMTON] caused to be read a statement from the gentleman from Illinois [Mr. HINEBAUGH], a purely personal statement, in reference to the Progressive Party, and a possible reunion with the Republicans. That statement carries only the present view of Mr. HINEBAUGH. There are certain kinds of reunion that may possibly be on the boards. We Progressives might possibly go aboard the Republican ship under certain conditions. You know the Revolutionists went on board a British ship on a certain occasion. They did not care so much to find themselves beneath the British flag, for they went on to throw the tea that was on that vessel overboard into Boston Harbor. If it be possible for the Progressive Party members to go back into the Republican Party with ax handles and baseball bats in their hands to put out of business the old machine that dominated the party at Chicago and put Progressive men and women in charge of that ship, then the Progressives of the country might think about the matter. If the terms of surrender were satisfactory, we might accept.

It is evident from the reading of the article submitted by the gentleman from Michigan, who is himself a member of the Republican Party, that he figures that there is a reactionary element in the Republican Party that needs just that kind of treatment.

Mr. CRAMTON. Will the gentleman yield?

Mr. BRYAN. Yes.

Mr. CRAMTON. Does not the gentleman from Washington believe that that is true of all parties? And I ask the gentleman if he has not felt that there is a reactionary element in the Progressive Party also?

Mr. BRYAN. Mr. Chairman, no doubt there is some reactionary spirit in the Progressive Party and in every party in existence to-day.

Since the Hobson prohibition amendment was voted upon, however, I think the Progressive Party is more likely to maintain its integrity and to continue to be a fighting force and a triumphant force in this country than ever before. The roll call the other day and the proceedings here on this floor showed that the Democratic Party is wet from the head of the party, the President, on down; that is, President Wilson is wet on any proposition involving prohibition as a national or State-wide question, according to the citations from his pen and according to the words of Mr. Hobson in the debate the other day. In our recent campaigns for State-wide prohibition in the States of Washington and Oregon it was President Wilson's influence for the wets that gave us the most trouble. His letters were published against us, and his portrait was posted in all the liquor centers as opposed to prohibition.

The Secretary of State, Hon. William J. Bryan, was quoted here on the floor by Mr. HENRY, of Texas, a strong administration Democrat and chairman of the Committee on Rules, as having declared against national prohibition and having voted against State prohibition in Nebraska. Mr. HENRY said he himself was opposed to prohibition nationally and locally. The able leader of the Democratic Party on this floor [Mr. UNDERWOOD] took a position against prohibition. The chairman of the Committee on Appropriations, Mr. FITZGERALD, of New York, the chairman of the Committee on Claims, Mr. POW, of North Carolina, and other leaders, including Mr. DOREMUS, of Michigan, chairman of the congressional committee of the Democratic Party, almost the entire Texas delegation, the Boston Democrats, and the Tammany Democrats of New York, all took that position plainly and clearly, and showed that the party as organized is as wet on national prohibition as it could well be.

If that is true of the Democratic Party, the record shows that the Republican Party is water-logged, or liquor-logged, on the subject.

The President of the United States who retired when Mr. Wilson took his seat, President Taft, vetoed the Webb bill, which was the plainest and fairest kind of a demand of the prohibitionists of this country for justice and the right to put the traffic out of business locally and for legislation which passed this House finally over his veto. Then the able leader of the Republican Party on this floor, Mr. MANN, of Illinois, took his position the other day against the amendment, and earnestly and vociferously fought it. The so-called Progressive Republicans, led by Mr. LENROOT, of Wisconsin, were against the amendment.

The Prohibition Party platform has only one fundamental plank in it that the Progressive Party has not, and that is na-

tional prohibition. In a few days there is going to come up the question of woman's suffrage in this House, if it is not successfully choked off, and again the Progressive Party membership in this House will go on record as it went on record on roll call on the Hobson resolution on December 22, with all except one for prohibition of the liquor traffic. The Progressive Members will go on record unanimously for equal suffrage. I believe that with prohibition added to the Progressive platform we will have a permanent force of Progressives, Prohibitionists, suffragists, and public-ownership adherents that will have more strength in this country than either of the other parties, and we have a leader who is no more afraid of the liquor traffic than he is of African lions, party bosses, or big business, and who has already gone into Ohio and Michigan and campaigned against the liquor traffic, thereby supporting Progressive platforms which declared for prohibition, and I believe we are going to whip both the old parties and carry that amendment through under the Progressive Party.

The suffrage issue will prove an important factor. The women's clubs all over the country are against the liquor traffic and most of them are for equal suffrage. Add prohibition to the Progressive Party platform and let the Prohibition and the Progressive Parties join forces with the women in the game and it would be some fight. It would be a crusade; party lines would be forgotten. Political meetings would become religious gatherings. A great revival of justice would be the result, and the majority in the House of Representatives, as shown by the roll call the other day, would be repeated when the roll was called in the electoral college. We would elect our candidates and put the liquor traffic out of business forever in this country.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. MOON. Mr. Chairman, I will ask the gentleman from Minnesota whether he has any desire to occupy what time remains to him?

Mr. STEENERSON. No.

Mr. MOON. We have only one more speech on this side, and the gentleman who was to make that is not present. I ask unanimous consent that the gentleman from Texas [Mr. HARDY] be allowed to place some articles in the RECORD on subjects that have been discussed here this afternoon.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman from Texas [Mr. HARDY] be entitled to place in the RECORD certain articles. Is there objection?

Mr. MANN. What does the gentleman mean by "articles"?

Mr. MOON. Some newspaper articles, I think. The gentleman from Texas [Mr. HARDY] went over to his office to bring them here and he wanted to read them in the debate.

Mr. MANN. I have no objection to any Member reading in the few minutes he would have in general debate whatever articles he desired, but I think we had better wait until he gets here.

Mr. MOON. Very well. I will ask that the Clerk read.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For travel and miscellaneous expenses in the Postal Service, office of the Postmaster General, \$1,000.

Mr. MOON. Mr. Chairman, at this point I ask unanimous consent that the gentleman from Texas [Mr. HARDY], who has returned, may address the House for five minutes on a subject not now under consideration.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARDY. Mr. Chairman, yesterday I sent the following article to the Washington Herald for publication. It has not yet been published. I will read it:

WASHINGTON, D. C., December 27, 1914.

On the way down to my office this morning I bought a Washington Herald. On the front page, in large letters, I read "Colquitt dons war paint; flays all Wilson's policies." At the door of the House Office Building I met an Oklahoma Democrat. "Your governor is mad," said he. "Yes," I replied; "he has for some time had Wilsonphobia." I was present at Dallas, Tex., about two years ago or more when Mr. Wilson, then Gov. Wilson, upon invitation, delivered an address at the fairgrounds. Our governor seemed to me to have the "phobia" then, and I think has had it ever since. If the crash of worlds and the end of time were at hand, Gov. Colquitt would see in it nothing but the work of President Wilson and the Democratic tariff law. Of course he is given front-page headlines by papers hostile to Democracy and may be quoted to impress the people of other States with the idea that the great Democratic State of Texas condemns the President and the present Democratic

Congress. People outside of Texas do not generally know that our governor was foaming at the mouth in just the same way when our last Democratic State convention met and most heartily indorsed the President.

The simple truth boiled down is that our governor thinks he is a great figure, and perhaps would like to go to the Senate, and he must make a big noise. Also he must catch onto some special interests. Also, to boost himself, he must be loud in his denunciation, even if the denunciation does make white black and black white, and assume that all the people are ignorant of what all the people know. All the people save perhaps our governor know that the greatest and most desperate war of all time is being now fought, involving directly half the population of the world, and that as a result of that war there is a vast surplus of our cotton beyond the demands of the market, while there is a greater demand than supply for foodstuffs, and all the world save our governor knows that this would produce low prices for cotton and high prices for foodstuffs.

Informed and intelligent persons know that hides being placed on the free list did not raise the price of shoes. Such persons know that when hides were put on the free list the duty on shoes was also absolutely taken off, and they also know that taking the duty off shoes could not have raised their price. Yet that is the inference "our governor" seeks to have his readers draw. Every leading Democrat in the South for the last 40 years has declared that the Republican tariff on corn and wheat was a fraud intended to delude the farmer into becoming a protectionist, yet "our governor," in the face of the fact that corn and wheat now sell for more than ever, and were higher even before the war in Europe than under the Payne law, says, "The American farmer gets less for his raw material." Our governor also charges the President with our low price of cotton because he allowed England to make it contraband of war. This charge is amazing, or perhaps I ought to say would be amazing if made by a sane person. Then he charges that the repeal of that part of the Panama act which exempted our coastwise vessels from payment of tolls was a weak surrender to England, and that but for that repeal hundreds of foreign-built ships would have come under our flag to get the benefit of the exemption and carried our goods—cotton—to foreign markets. Apparently he did not know that the exemption law which was repealed was only an exemption from payment of tolls for our coastwise trade in which those foreign-built ships were forbidden to engage; that our ships in the foreign trade either of export or import were never given exemption from tolls. The trouble is that so many of Mr. Colquitt's readers may know no more on this subject than he does. Then he denounces the administration for seeking to buy some ships in which our cotton might be carried to foreign markets. "Spending the taxpayers' money," he says, "buying a subsidized national shipping service." If he had been paid by the shipping combination to do it, he could have made no argument more to their liking. It is true that the administration wanted Congress to authorize the buying of ships in which to carry our goods to foreign markets under our present conditions of distress and dearth of vessels to do this carrying. It was proposed to let the Government buy ships wherever they could be bought cheapest and use them to help out our foreign transportation service for which we have practically no privately owned merchant marine flying the American flag.

If the measure had passed, these Government-owned ships could and would have carried much of our cotton to foreign markets at reasonable prices and not at \$15 per bale as is being charged by the shipping combination now. Speaking of a shipment of 6,500 bales of cotton from Galveston to Bremen, the Washington Times of yesterday says editorially:

Entirely aside from the importance of resuming the export of cotton to Germany interest attaches to this shipment because of the freight rate on it. The owners of the cotton will pay, despite that it is not a war risk, \$3 per hundred pounds, whereas a year ago the charge would have been just about 10 per cent of that rate. The reason is said to be the scarcity of shipping to handle the business of the world.

"Our governor," however, is more concerned to denounce a Democratic President than to denounce the extortions of a shipping combination or to try to help our people who are charged such enormous rates. It is worth noting, but not answering, that "our governor" denounces the President's Mexican policy. We in Texas well understand that if "our governor" had had the power he would have plunged us into war with unhappy and stricken Mexico. Let those who feel with him be content. There ought to be enough war in Europe to satisfy them. "Our governor" is dissatisfied with everything the present administration has done and has not done, and to its doing or not doing he charges everything he complains of from the high price of shoes and beefsteak to the low price of cotton. He can not quite trace the revolution in Mexico or the war in Europe to the

President's door, but he can do nearly as well. He can show that all ills that come to us from them come by way of the White House. After some reflection I am persuaded that the real point and purpose of "our governor" was to convince the people of Texas that had he been President we would have had no 6-cent cotton. All the rest of his denunciation was thrown in for good measure and because it chimed in with his general hostility to Wilson. Surely, if as President, he would have given us 10 or 11 cent cotton he ought to be made Senator. Meantime, being governor, he has done or tried to do nothing sensible about the matter. I do not wish to assume the rôle of "denouncer" myself, but I do wish to say that in my opinion had the governors and legislatures of the cotton-growing States gone about it in earnest to arrange to issue State bonds with which to buy the surplus of our 1914 cotton, as advocated by me in a speech at Corsicana, October 31, and then put a tax on all cotton grown in 1915 and provided for State aid by way of purchase of seed for other crops for those needing but unable to buy such seed, and in that way relieved our present cotton market of its surplus, discouraged the planting of a big cotton crop, and encouraged the planting of other crops for next year, much could and would have been done to help our people. The bond issue and buying of our present surplus cotton is now a dead issue, but it is still opportune to urge that all cotton States discourage cotton growing next year by a tax on it and encourage planting other crops by wise State aid. In 1877 Minnesota had a grasshopper plague, and in 1878 she passed a law for the borrowing of money by the State with which to buy seed grain to be furnished to her farmers who needed it at cost. I believe that almost any European Government would take similar steps under our present conditions. "Our Gov. Colquitt" has had his busy "storm-tossed" day in office and is now about to step down and out, but may I not urge our several governors and legislatures to consider the suggestion I have made.

RUFUS HARDY,
Sixth District, Texas.

DECEMBER 28.

I see the Herald of to-day, in front page, first column, parades Texas, under the leadership of Gov. Colquitt, as heading revolt against Wilson.

R. H.

Mr. Chairman, I ought not to take my seat without remarking that the Washington Post, which carried "our governor's" denunciation of Mr. Wilson, carried also, so I am told, a letter to the President from the National Manufacturers' Association demanding the repeal of the Democratic tariff law, notwithstanding "our governor" declares that by putting raw materials on the free list we have robbed the farmer and enriched the manufacturer.

Mr. MOORE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting in the RECORD the newspaper article written by Gov. Colquitt, of Texas, to which reference has just been made.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by inserting the address of Gov. Colquitt referred to. Is there objection?

Mr. HARDY. Mr. Chairman, I understand that has already been inserted to-day, and if it has I do not see any need for inserting it twice.

Mr. MANN. It has not been inserted. There was just a little extract of it inserted.

Mr. HARDY. I have no objection.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL.

For compensation to postmasters, \$30,750,000.

Mr. STEENERSON. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

Mr. MOON. Mr. Chairman, I suggest that we had first better finish the reading of the section.

Mr. STEENERSON. Perhaps the amendment would come in just as well after the proviso.

Mr. MANN. Oh, no; it comes properly here. That is where it was before.

Mr. STEENERSON. The amendment proposes the existing law, providing pay for assistant postmasters, which is omitted.

Mr. MOON. I suggest that we first read the section, and then take the matter up. I desire to offer an amendment myself.

Mr. MANN. I think that it ought to come in here.

Mr. STEENERSON. We have not debated that proviso, and it is new legislation and made in order by this rule. I desire to offer it now.

Mr. MOON. I do not desire to object to the gentleman offering it, but I think we had better understand the way amendments are to be offered. I think the better and orderly way would be to wait until the section is read and then offer amendments. However, I shall not object.

Mr. MANN. It is in order at this point.

The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

After line 8, on page 5, insert the following:

"For compensation to assistant postmasters at first and second class post offices, 5, at not exceeding \$4,000 each; 42, at not exceeding \$3,000 each; 10, at not exceeding \$2,500 each; 5, at not exceeding \$2,000 each; 16, at not exceeding \$1,900 each; 45, at not exceeding \$1,800 each; 95, at not exceeding \$1,700 each; 150, at not exceeding \$1,600 each; 180, at not exceeding \$1,500 each; 150, at not exceeding \$1,400 each; 350, at not exceeding \$1,300 each; 560, at not exceeding \$1,200 each; 525, at not exceeding \$1,100 each; 300, at not exceeding \$1,000 each; 130, at not exceeding \$900 each; 100, at not exceeding \$800 each; in all, \$3,200,000."

Mr. STEENERSON. Mr. Chairman, the bill as reported and as it is before us omits—

Mr. MOON. Mr. Chairman, I will ask the gentleman if his amendment is identical with existing law?

Mr. STEENERSON. It is—omits entirely to provide for the assistant postmasters and this amendment is simply the existing law proposed to be inserted in the proper place. The existing law first provides for the payment of postmasters' salaries, and then for assistant postmasters' salaries; and this bill as reported leaves out entirely assistant postmasters, upon the theory, we are told, that they are going to provide them new places under different designations, as additional superintendents of finance, superintendents of mail delivery, etc., who will perform the duties now performed by the assistant postmasters. Now, Mr. Chairman, I am opposed to that proposition. I do not believe that it is in the interest of the service. The Postal Service, above all others, requires training and experience. We all know that since the present administration came into power there has been a great many changes in the personnel of first and second class postmasters. Probably within a short time, if the hopes of ardent advocates of Democracy are fulfilled, all experienced postmasters will be retired to private life and the only trained and experienced men left at the head of affairs in the first and second class offices will be the assistant postmasters. Now, you may think that this perhaps only affects the incumbents, but in a larger sense it affects every person who has any business with the post offices. It is of the utmost importance to the people that an efficient Postal Service should be maintained. With all due respect to the present administration, I want to say right here that complaints are coming to me as a Member of the Committee on the Post Office and Post Roads as they never have come before of the service now being rendered. In some places the complaints are similar to the complaints made by the gentleman from Washington [Mr. JOHNSON], that the first and second class mail is choked out and delayed by the freight business. In other places it is the inexperience of new postmasters and of incompetent men.

Mr. SAMUEL W. SMITH. Will the gentleman yield for a question?

Mr. STEENERSON. Certainly.

Mr. SAMUEL W. SMITH. I would like to have the gentleman explain how these assistant postmasters are to be cared for, and when?

Mr. STEENERSON. I am very glad the question has been asked, because if I can understand the situation it is proposed to reappoint these assistant postmasters, provided they are acceptable to the powers that be, but if they are not acceptable they will be retired. I predict that if this measure goes through—

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Chairman, I would ask unanimous consent that I may have five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota? [After a pause.] The Chair hears none.

Mr. STEENERSON. I predict that if this amendment is not adopted and the assistant postmasters not provided for that a large number of them will be retired to private life. A year ago when the appropriation bill was up it was advocated without any concealment by the leaders of the Democracy that they wanted to abolish assistant postmasters. It looked a little like spoils, and it was criticized. At that time there was an affirmative provision to do away with assistant postmasters, which the chairman and a majority of the committee inserted in the bill, but they failed to get a rule to make it in order, and then ensued that memorable dispute between the leaders of the administration and the leaders of the Democratic Party on the floor

on this question. They have since agreed upon this provision, which simply means to starve them to death, and it gives the administration the right to designate perhaps some of these assistants as superintendents of mail, finance, and the opportunity will be to discharge them or to leave them out of the service entirely.

Mr. GOULDEN. Will the gentleman yield for a question?

Mr. STEENERSON. Yes.

Mr. GOULDEN. I would like to ask the gentleman what is the estimated saving in the proposition here suggested by the committee to take the place of the amendment offered by the gentleman from Minnesota? What will be the estimated saving yearly?

Mr. STEENERSON. I believe there is a little saving estimated, but the salaries of the supervisory employees provided for in the following section eat up all the proposed savings entirely, and it can not be defended on the ground of economy at all.

Mr. GOULDEN. Then, what is the purpose of making the change from the present law if it is not on the ground of economy or better service?

Mr. STEENERSON. Just one purpose, I believe, is to get offices for Democrats; that is one purpose—

Mr. GOULDEN. I can not agree with the gentleman on that.

Mr. STEENERSON. It so looks to a man up a tree.

Mr. GOULDEN. I opposed that proposition last year. I am opposed to any interference with the civil service.

Mr. STEENERSON. I know the gentleman opposed it last year, and I think it was very creditable for him to stand up here for the merit system as he did, and I hope he will vote to continue this system and appropriate money to pay the salaries of these men.

Mr. SAMUEL W. SMITH. Will the gentleman yield for one further question?

Mr. STEENERSON. Yes.

Mr. SAMUEL W. SMITH. I would like to ask the gentleman if these assistant postmasters, in order to secure the positions which the gentleman has named, will have to pass a civil-service examination again?

Mr. STEENERSON. Probably not, but they will have to be appointed and you know who makes the appointments, and I will guarantee there will not be very many Republicans appointed and you could not expect them to be. I hope that the proposition will be agreed to.

Mr. MADDEN. Mr. Chairman, I am opposed to the amendment offered by my colleague on the committee, and I want to tell the committee why. To begin with, I think the Post Office Department ought to be run as a strictly business institution. Next, every assistant postmaster in the United States is provided for in this bill in some place where he will have work to do. Now, let us take for example an assistant postmaster in a second-class office. The present compensation to assistant postmasters in second-class offices amounts to from \$800 to \$1,400 a year. Every one of those men, if this provision of the bill is enacted into law, will be given some kind of a supervisory place or clerkship, and the bill itself provides for them.

Mr. SWITZER. Mr. Chairman—

Mr. MADDEN. In just a moment; let me explain the bill first.

And appropriations are provided in the sections following for every assistant postmaster in the service; not, it is true, as an assistant postmaster, but in some place of equal importance.

Now, the man who is an assistant postmaster to-day and getting \$800 a year may be promoted to a clerkship in the office at \$1,100 a year if this bill passes as it is proposed. The man getting \$1,400 a year may be promoted to a place at \$1,500 a year as superintendent of finance. Or, if the condition of the office and the lack of ability of the man is such that it would not be justified, he may possibly be reduced to a place not exceeding \$1,100 a year. But in the whole reorganization provision is made for every man who occupies the position of assistant postmaster now. No civil-service examination will be required to retain this man in the service—not at all. He will go as a matter of right into the working force of the office over which he now presides as assistant postmaster.

There can be no politics in an item like this. It is strictly and purely a business suggestion. It can not be said that the department is doing an injustice to anybody when, as a matter of fact, it simply recommends a measure which will recognize the necessities of the operation of the great department over which the Postmaster General presides.

Mr. COX. Will the gentleman yield for a question?

Mr. MADDEN. Yes.

Mr. COX. Is it not also one of the purposes to require the postmaster himself to become more familiar with the work?

Mr. MADDEN. I was just coming to that.

Mr. SWITZER. Will the gentleman yield?

Mr. MADDEN. Not now. When I get through with this I will answer any question connected with the work that may be asked of me.

The assistant postmaster is really the executive officer and the postmaster is merely a figurehead in many places throughout the country. The payment given to the postmaster is, in many cases, a gratuity for political favors done or expected. I am dealing with this question outside of politics. I am a Republican and I am for this proposition because I believe it is just and fair.

Mr. HAMILTON of Michigan. The postmasters work eight hours a day, do they not, now?

Mr. MADDEN. I think the recommendation of the committee, if adopted, will result in greater efficiency in the management of the Post Office Department. It will make the postmaster the executive officer of the post office instead of his assistant. It will compel him, as postmaster, to devote his time and thought to the business of the public, for which he is paid. It will give to the assistant postmaster the recognition to which his ability entitles him by placing him in a position of responsibility, and if this bill in its present form be adopted the Postmaster General or his First Assistant will see that no man is unjustly dealt with.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. I ask unanimous consent, Mr. Chairman, for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MADDEN. The pay of the assistant postmasters of the United States amounts to a little over \$3,000,000 a year. The saving by the reorganization proposed only amounts to \$300,000, and that may well occur by reason of the fact that the man who is now getting \$800 may go up to \$1,100 per annum, and the man who is getting \$1,400 may possibly go down to \$1,300, although he may go up to \$1,500 as superintendent of mails or as superintendent of finance. It will be the duty of the postmaster, if this bill shall become law as proposed, under a regulation to be fixed by the Postmaster General, to designate either the superintendent of finance or superintendent of mails as the acting postmaster in the absence of the postmaster. This will be a permanent designation. And it is the purpose of the department and the understanding of the committee that recommended this bill that wherever an assistant postmaster is qualified and the business of the office justifies it, he shall be appointed superintendent of finance or superintendent of mails, and that he may also be designated as the acting postmaster of the office.

Now, there can be nothing more fair than this. If the recommendation of the Committee on the Post Office and Post Roads would result in the dismissal of these men from the service, I would be the last man in the House that would be for it. But it does no such thing. It not only does not dismiss them from the service, but it gives them absolute security of tenure under the civil-service law.

Mr. SAMUEL W. SMITH. Will the gentleman yield?

Mr. MADDEN. I yield now.

Mr. SAMUEL W. SMITH. I would just like to ask this one question: Does it provide for every assistant postmaster in the present office where he is serving?

Mr. MADDEN. It provides for every assistant postmaster to be cared for, and presumably in the office in which he now serves. It does not say so in the bill.

Mr. STEENERSON. It does not say anything in the bill.

Mr. MADDEN. It does say this in the bill, namely, it provides for the number of men including the assistant postmasters, and the appropriation distinctly sets forth that a certain number of men of a certain class are to be provided for and that number includes the assistant postmasters. Now, what it does is this, namely, it increases the number of men beyond a certain salary 4,010, and 2,210 of these men are assistant postmasters, and 1,800 or the 4,010 increases are to provide for the ordinary growth of the department, so that there can be no claim based upon truth or justice that any man is to be driven from the place he occupies without having an equivalent provision made for him in some other place.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOON. Mr. Chairman, I want just a moment on the question. I want to say to the committee that it is not the purpose of this bill to deprive any man of his official position. The department has the purpose to make two divisions of administration—the division of finance and the division of mails—and to fix the responsibility upon some responsible head

as postmaster, and to eliminate the office of assistant postmaster as such. Yet the bill provides for superintendents of mails and superintendents of finance—positions to which these assistant postmasters will go practically at the same salary.

Now, they are not taken out of the service. They are not required even to take a civil-service examination, although they have never done that, as other employees of the department have.

Mr. GOULDEN. Mr. Chairman, will the gentleman yield there?

Mr. MOON. Yes.

Mr. GOULDEN. Who has the power of making these changes from assistant postmasters to the positions of superintendent of finance and the superintendent of mails?

Mr. MOON. The Postmaster General has the ultimate control of it, as a matter of course.

Mr. SWITZER. Mr. Chairman, will the gentleman yield for a question?

Mr. MOON. Yes.

Mr. SWITZER. What assurance is given that the assistant postmasters, who are let out by reason of no appropriation, will be reappointed to any of these positions known as superintendent of finance or superintendent of mails?

Mr. MOON. It is only that assurance that you can have in the faith and confidence and honesty of the administration of a public officer. You could not have it under any other commission.

Mr. HUMPHREY of Washington. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. MOON. No; not now. Let me go through with what I want to say, and then I will yield.

Now, a good many gentlemen think that the third-class offices, which are most numerous, are going to be seriously affected by this proposed change of grade and salary of postmasters. Well, this law does not touch third-class post offices at all. The table furnished by the department here shows that they are not even touched in any respect. In the second-class post offices—and I am discussing these postmasters' salaries in connection with it now—where the receipts are \$40,000 the salary is \$3,000 under the old plan. That is a first-class officer, and it is \$3,000 in the new class. In the next four grades, \$3,100, \$3,200, \$3,300, and \$3,400, they are simply dropped, and the salary where the amount is between \$40,000 and \$60,000 of receipts is fixed at \$3,000, and then where the amount of receipts is \$160,000 the salary goes to \$3,500. Then in the next higher grade, when receipts reach \$340,000, the salary is \$4,000 in the old plan, just as it is in the new. The material changes are in the larger offices that run between \$1,000,000 and \$13,000,000 of receipts.

Now, on the question of assistant postmasters, the department thinks it very proper and advisable that the office of assistant postmaster, as such, be not appropriated for. You know that under the general law that does not take that officer out of the classified service. It leaves him there to perform the supervisory duties that he now has the right to do under the classified service, but it fixes the responsibility in the postmaster and does not give a dual administration of the office in that respect. I do not know that I can do any better in explanation of this matter than to read what First Assistant Postmaster General Roper says.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MOON. I move to strike out the last word, Mr. Chairman.

The CHAIRMAN. The gentleman from Tennessee moves to strike out the last word.

Mr. MOON. I read:

In enforcing the Postmaster General's requirement that every postmaster shall be the working executive of his office and perform service commensurate with the salary he receives, a long step has been taken toward the eventual classification of all postmasters. This consideration, together with the rapid extension of the two-division plan of post-office organization, forcibly suggests the desirability of abolishing the position of assistant postmaster. At the present time, under the regulations, every postmaster is required to appoint an assistant. At first-class offices the salary of the assistant postmaster is fixed by law at not exceeding 50 per cent of the salary of the postmaster, graded in even hundreds of dollars from \$1,500 up to \$4,000, and at second-class offices the salaries are fixed at various sums, graded in even hundreds of dollars from \$800 up to 50 per cent of the salary of the postmaster. At offices of the third class where the salary of the postmaster is \$1,800 or \$1,900 a year, assistant postmasters may be appointed at a salary of \$600 per annum. In offices below the first class postmasters are not in need of supervisory assistance, and as assistant postmasters in these offices usually perform only clerical duties their official designation should be changed accordingly. It is the intention of the department to reorganize all first-class post offices on the "two-division" plan outlined previously in this report, which eliminates the need for assistant

postmasters. It is believed that in the interest of a more efficient and economical administration of the service the position of assistant postmaster should be abolished, that each first-class office should be provided with a superintendent of finance and a superintendent of mails, one of whom should act as postmaster in the absence of that official, and that at offices of the second, third, and fourth classes one of the clerks should be designated as a chief clerk and act in the absence of the postmaster.

With a view to effecting this important reform, this bureau in its estimates for 1916 has provided for all the clerical and supervisory assistance necessary, but has made no provision for the position of assistant postmaster. The proposal, however, does not contemplate the separation from the service of trained and efficient assistant postmasters, but to place and utilize them in the service to better advantage than heretofore.

Now, this is a plan for the reorganization of the department. There will be considerable saving effected by it. This question was asked of the First Assistant Postmaster General:

In case the committee should not decide to follow the recommendation of the department by abolishing the assistant postmasters, then state what appropriation you would recommend under the present system for the next fiscal year?

The answer was this:

For 1916 we estimated that the total amount would be \$3,350,000.

Now, there is a pure matter of business. I do not want the House to misunderstand me as saying that the abolition of these offices would save that much money, perhaps, but inasmuch as those officials are retained as supervisory officials in the positions of superintendent of finance and superintendent of mails, the same salary would attach to those offices that now attaches to the office of assistant, except in some of the higher places of supervisory positions, and the net saving to the Government would be only about \$300,000.

Now, there is an advantage in the plan beyond the amount to be saved. I know that gentlemen feel that they do not want a change of plan. They are conservative and do not want this reorganization. But, gentlemen, you can not administer this great department without leaving to the department heads and officials down there the discretion to administer it on business plans. I understand, too, that it is just as well to touch on that question openly and candidly. A good many gentlemen think that because a large majority of these assistant postmasters are Republicans they will be removed. But you are absolutely safe against such a conclusion under the existing law. If the department wanted to put these Republicans out, you know they could find a way to do it. When you were in power you did not have a bit of trouble to do that, and they do not have any trouble down there now when they want it done. It is only a question of expediency and a matter of consideration.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. MOON. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. HAMILTON of Michigan. Mr. Chairman, will the gentleman permit me to ask him a question?

Mr. MOON. Yes; I will answer the question the gentleman asks me.

Mr. HAMILTON of Michigan. I was going to inquire of the gentleman from Tennessee if this was not one of the ways by which the assistant postmasters could be removed under this administration? The gentleman stated it could be done.

Mr. MOON. I think, under the law, it can be done without any change of law at all. Under the law it can now be done. You have got to trust this administration in order to secure the best results, and if you have in office a man under the civil-service law, no matter what the politics of such a man is, you can not turn him out unless he has done something that justifies you in turning him out, and you turn him out, after examination, as the result of a report.

Mr. HAMILTON of Michigan. Well, your examination of fourth-class postmasters, for illustration, was one way of getting rid of them.

Mr. MOON. I do not think we got rid of them.

Mr. HAMILTON of Michigan. You got rid of a good many of them.

Mr. MOON. I am complaining very much personally, so far as my district is concerned, that the department down here give me a Republican every chance they can. They do it because they think the Republican is competent and fit for the place. I do not think they exercise a very wise discretion about it, but that is what they do.

Mr. HAMILTON of Michigan. In the first place, this bill abolishes the position of assistant postmaster.

Mr. MOON. Yes; and provides for the two-division plan, which is a new proposition.

Mr. HAMILTON of Michigan. That leaves the assistant postmasters who are now in the service without a job, does it not?

Mr. MOON. No, sir; it does not.

Mr. HAMILTON of Michigan. Does the bill provide in any way for these assistant postmasters?

Mr. MOON. It provides for the money for the pay of these men and provides for the office of superintendent of finance and superintendent of mails, to which they can go.

Mr. HAMILTON of Michigan. But it leaves the discretion, does it not, to drop them from these positions?

Mr. MOON. It is bound to be left in the discretion of the department. We can not say here that these men shall slide into one office out of another.

Mr. HAMILTON of Michigan. We would like to say that, of course.

Mr. MOON. I know you would like to put into this bill the provision that nobody but a Republican shall hold the office of assistant postmaster.

Mr. HAMILTON of Michigan. No. I should like to see the assistant postmaster assured of a place.

Mr. MOON. The supervisory service is fully protected in the creation of these two positions. The only question is whether this House is going to permit the department to adopt this plan, by which a more efficient service can be given to the country, and by which the postmaster may be made responsible as the head, without dividing the responsibility with the assistant under the law and with a reduction of expense.

Mr. SAMUEL W. SMITH. Will the gentleman permit a question?

Mr. MOON. Certainly.

Mr. SAMUEL W. SMITH. Would you object to an amendment stating that these places that you speak of that are provided in the bill shall be filled by these assistant postmasters, so as to make it clear and certain that these places shall be so filled?

Mr. MOON. I do not want the gentleman to misunderstand me, as I am afraid, from his question, he does. I did not say that every one of these places was going to be filled by an assistant postmaster.

Mr. SAMUEL W. SMITH. That is the trouble.

Mr. MOON. I said the postmaster would have the right to determine who should fill the place, and that he would take the man best fitted for it, and that usually the assistant postmaster would be the best man. I have no doubt that in some places the assistant postmaster will not be the superintendent of finance or the superintendent of mails, but in the vast majority of post offices, on account of the knowledge which the assistant postmaster has of the service, I have not the slightest doubt that he will be appointed.

Mr. MADDEN. But he will get some place.

Mr. MOON. He is bound to get some place in the service, and he can not be demoted below his proper place.

Mr. STEENERSON. What authority has the gentleman for that statement?

Mr. HAMILTON of Michigan. Would it not be possible to send the assistant postmaster away from his home into some branch of the service entirely out of his environment?

Mr. MOON. I do not think there need be any change in the law to do that. They remove them now.

Mr. HAMILTON of Michigan. They could do it, but they are not doing it; but it would be possible to do that under this provision?

Mr. MOON. It can be done right now. There need not be any change in the law.

Mr. BROWNING. Mr. Chairman, I trust that the amendment offered by the gentleman from Minnesota [Mr. STEENERSON] will be adopted. In 1889 I had the honor to be appointed postmaster of the city of Camden, N. J., by President Harrison, and I want to say that I was no "figurehead" postmaster. I took charge of my office. I found, however, that a good assistant postmaster was a great help to me.

The assistant postmaster of a post office is under very heavy bond. He has charge of all the stock that is in that office, and he has practically the running of the office itself; and by that I mean the management of the office force. When you abolish his place and appoint him to another position are you going to reduce his bond and his duties as well as his salary? Because if that is to be done probably there will not be so much opposition on the part of the assistant postmasters.

In the absence of the postmaster, even if he only wishes to go away for a day at a time, or when his vacation time comes,

the assistant postmaster can always take his place. I think the position of assistant postmaster should not be abolished. I think it is too important to be done away with. The assistant postmaster of my city said to me on Saturday last, when I was in the post office, "I have spent 20 hours a day in this office for the past five days." The postmaster there is not a figurehead. He is a recent appointee and a Democrat, appointed by the present administration, and he assumes the charge of his office. It is not a sinecure with him. He is there continuously attending to business; and yet, without the assistant postmaster, I am sure he would find it very difficult to run his office at anything like its present high standard. I think it is a great mistake to abolish this position and to appoint the assistant postmaster superintendent of finance or superintendent of mails and to say that he will really have the position of assistant postmaster. The plan would not work out satisfactorily; it is not consistent.

In most offices—I know it is true of the Camden, N. J., office—there is right now a superintendent of finance and also a superintendent of mails; so when the position of assistant postmaster is abolished the incumbents will not be appointed either superintendent of finance or superintendent of mails, as there will be a vacancy in neither of those positions. In my opinion, this is a well worked out plan to oust from civil-service positions such of these loyal and efficient assistant postmasters as happen to be Republicans.

Mr. Chairman, I trust the amendment of the gentleman from Minnesota will be adopted.

Mr. HUMPHREY of Washington. Mr. Chairman, I have been listening to this discussion for some time, and about as nearly as I can make out from the information we have received so far it is a change of name, but will not save the Government any considerable sum of money.

Now, in spite of all the talk that has been made on both sides of this aisle, it is perfectly apparent that the purpose is to get rid of these assistant postmasters, and that is all there is to the proposition, unless they happen to meet the approval of the powers that be. It is a proposal to remove them for political purposes. I am not now objecting to your doing that if you want to, but why not be fair and frank about it? What is the use of playing the hypocrite? You are not deceiving anybody on either side of the aisle by this performance.

Mr. MOON. I want to ask the gentleman what he means by that. I do not understand him?

Mr. HUMPHREY of Washington. I mean this, and I hope the gentleman can understand it. I mean that when you make a pretense that there is no politics in this I do not think you are being frank with the House. That is what I mean.

Mr. MOON. I have not attempted any pretense or to mislead the gentleman.

Mr. HUMPHREY of Washington. I know you have not, and I honor the gentleman for it. It has been my province to know the gentleman well, to serve on a great committee with him, and I never knew the gentleman to be guilty of any false pretense.

Mr. MOON. I have stated the facts as I understand them and stated the facts as the department says they are, and I have stated, too, that in my judgment it was impossible to make a change.

Mr. HUMPHREY of Washington. The gentleman from Tennessee will not say that this will not result in the assistant postmasters being removed for political reasons.

Mr. MOON. Demoted, you mean?

Mr. HUMPHREY of Washington. Demoted and removed.

Mr. MOON. I think it will be done in some instances, and I say that it can be done now without this law.

Mr. HUMPHREY of Washington. The motive is to make it easier to do so and to remove the assistant postmasters under the pretense of economy.

Mr. MOON. No; no pretense of economy; the economy is demonstrated.

Mr. HUMPHREY of Washington. It has not been demonstrated.

Mr. MOON. I do not want the gentleman to misunderstand me, because if I had my way I would wipe out the 2,500 Republican assistant postmasters and put in 2,500 Democrats. [Laughter and applause on the Democratic side.]

Mr. HUMPHREY of Washington. I honor the gentleman for his honesty, but I do not want gentlemen to pretend differently. That is the way the chairman of the committee feels, but some other gentlemen who are not quite so sure of their political ground try to deny it. That is what I am complaining about. I want you gentlemen to be frank and tell the truth and stop this hypocrisy, when the real object is to get rid of the assistant postmasters. If you intend to do this, say so.

Mr. MADDEN. Will the gentleman yield?

Mr. HUMPHREY of Washington. Yes.

Mr. MADDEN. I want to say to the gentleman from Washington, for whom I have the highest regard and whom I honor as much as any Member of the House, that as a member of the committee, having given careful consideration to every question connected with this, it is my honest opinion that there is no attempt or desire to displace the assistant postmasters, except by taking away the title and transferring them to some other place in the department where they will be more useful than ornamental in the position that they occupy now.

Mr. HUMPHREY of Washington. Will the gentleman show me any specific provision in the bill that will retain the assistant postmasters?

Mr. MADDEN. There is no specific provision that will do that; but if the gentleman will allow me—

Mr. HUMPHREY of Washington. The gentleman is answering in my time.

Mr. MADDEN. Well, the gentleman has no right to ask me a question and not let me answer.

Mr. HUMPHREY of Washington. The gentleman has answered it.

Mr. MADDEN. But I did not complete my answer.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. HUMPHREY of Washington. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Washington [Mr. HUMPHREY] asks that his time be extended five minutes. Is there objection?

There was no objection.

Mr. MADDEN. I desire to say in answer to my friend—

Mr. HUMPHREY of Washington. Will the gentleman permit me?

Mr. MADDEN. But I want to answer the gentleman's question.

Mr. HUMPHREY of Washington. Well, proceed briefly.

Mr. MADDEN. If the gentleman asks me a question and insists on an answer, he must let me answer it in my own way.

Mr. HUMPHREY of Washington. I will let the gentleman answer it, but I do not have to let him answer it in his own way in my time; he is mistaken about that. However, I will yield to the gentleman to answer briefly.

Mr. MADDEN. Mr. Chairman, there is nothing on the face of the bill that indicates that these men who are assistant postmasters will be transferred except in the enumeration of the number of men required in the various grades in the clerical force of the department, the number now engaged as assistant postmasters are included, for example—

Mr. HUMPHREY of Washington. Mr. Chairman, I do not want the gentleman to go any further; he went over that a while ago, and I heard the whole of it. I want to ask this question: Has the gentleman any objection to a specific amendment providing that these assistant postmasters shall not be dismissed except under the civil-service rules? He can answer that "yes" or "no."

Mr. MADDEN. Oh, I will not answer it "yes" or "no."

Mr. HUMPHREY of Washington. I want to call the attention of my genial friend from Illinois to the fact that he made the statement that the postmasters of this country were practically figureheads and were appointed for political purposes. I do not want to misrepresent the gentleman—

Mr. MADDEN. The Record will show what I said.

Mr. HUMPHREY of Washington. I presume that this opinion arises largely from the fact that the gentleman from Illinois has never had any experience in the appointment of postmasters.

Mr. MADDEN. Thank God for that!

Mr. HUMPHREY of Washington. It has been my duty to recommend postmasters for 200 or 300 offices. I know personally every postmaster in my district where there is an assistant postmaster, and most of them do more work than any clerk in the office and more than the assistant postmaster. After 12 years here in Congress, in the last campaign, of all these many postmasters I had recommended there was not a single complaint against any one of them. The same thing can be said of the Democratic postmasters appointed in my district. What higher tribute could be paid to any class of men? They are there performing the duties well and to the general satisfaction of the public. They are not simply figureheads. The gentleman from Illinois does not know that the Government requires each postmaster to devote so much time to the duties of his office.

Mr. MADDEN. I may not know it, but I know they do not do it.

Mr. HUMPHREY of Washington. It may not be true of Chicago, but is true everywhere else in the country.

Mr. MADDEN. It is not true of Chicago either, for that is an office that it requires a genius to run.

Mr. HUMPHREY of Washington. I suppose it requires a political genius, according to the gentleman's statement.

Mr. MADDEN. No; there are no politics in the Chicago office.

Mr. HUMPHREY of Washington. The gentleman when he made that statement a while ago was a little bit prejudiced. I am afraid he was about as fair and impartial on that as he is when he says that it is not the purpose to remove assistant postmasters. The gentleman's statement about the postmasters makes me doubt his judgment on the other proposition.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. HOWARD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOWARD. Mr. Chairman, as I understand it, the rule excluded the provisions, in line 8, relative to the salaries of assistant postmasters. I want to ask the Chair whether or not a point of order has been made against that provision in the bill?

The CHAIRMAN. No point of order has been made.

Mr. MOON. Mr. Chairman, I suggest that it is rather late for a point of order on any of this matter now.

The CHAIRMAN. The status is that the gentleman from Minnesota [Mr. STEENERSON] has offered an amendment to reinstate the assistant postmasters.

Mr. MOON. Mr. Chairman, I move that all debate be closed on this section in five minutes.

Mr. MANN. Oh, not on the section.

Mr. MOON. On the amendment.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to close debate on the pending amendment at the expiration of five minutes. Is there objection?

Mr. STEENERSON. I object.

Mr. MANN. Let us see if we can not agree on time.

Mr. RUCKER. Mr. Chairman, I want to have two or three minutes.

Mr. MOON. Mr. Chairman, we have debated under the rule for quite a while on this, but I have no objection if other gentlemen desire to be heard.

Mr. MANN. We want 20 minutes more on this side.

Mr. MOON. Mr. Chairman, I move that all debate be closed in 20 minutes and that the other side have 15 minutes of it.

Mr. MANN. I suggest the gentleman ask unanimous consent.

Mr. MOON. How much does the gentleman want?

Mr. MANN. We wanted 20 minutes.

Mr. MOON. Can the gentleman get along with 15 minutes?

Mr. STEENERSON. Twenty minutes on this side.

Mr. MOON. Very well. Mr. Chairman, I ask unanimous consent that all debate be closed in 30 minutes, 20 minutes to be given to the other side.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that at the expiration of 30 minutes all debate be closed on the pending amendment and all amendments thereto, and that 20 minutes be controlled by the gentleman from Minnesota [Mr. STEENERSON] and 10 minutes by the chairman of the committee, Judge Moon. Is there objection?

There was no objection.

Mr. HOWARD. Mr. Chairman, I would like to get the parliamentary inquiry which I submitted to the Chair a moment ago answered. I asked as to whether or not any point of order had been made against the provisions in this bill commencing on line 8 and whether or not it is too late to make the point of order. As I understand it, they are reading this under sections, and there are four Assistant Postmasters General, which are dealt with by sections. This is under the head of the First Assistant Postmaster General. A rule was brought in here, as I understand it, amended, excluding this from the operation of the rule, and it would be subject to a point of order, if the point of order is not too late.

Mr. STEENERSON. Mr. Chairman, I desire to say that the point of order is not too late. They have not yet read the proviso.

The CHAIRMAN. The proviso has not yet been read.

Mr. STEENERSON. Mr. Chairman, I intend to make the point of order on the proviso.

Mr. HOWARD. I wanted to know the status of it.

The CHAIRMAN. We have read only to the end of line 8, and an amendment was offered by the gentleman from Minnesota reinstating the assistant postmasters, and the committee is debating that. There has been no point of order made.

Mr. RUCKER. Mr. Chairman, the gentleman from Illinois [Mr. MADDEN] did not speak with his usual accuracy a few moments ago when he made the remarkable statement that postmasters are appointed as a reward for political services rendered or to be rendered, and that they are not expected to perform service and do not perform service. More recently, in a colloquy with a gentleman upon that side of the aisle, he said that he knew they did not perform services. The gentleman just thinks he knows, but really does not know. The fact is that under this Democratic administration the Post Office Department is getting a little bit too severe.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. RUCKER. Just for a moment.

Mr. MADDEN. I want to say that if I have said a word which reflects on anybody's integrity of purpose or upon his efficiency in the service I withdraw it now.

Mr. RUCKER. Mr. Chairman, I know the gentleman would not reflect on anyone. In my district one of the best Democrats there is holding a postmastership, and within a week or two the Post Office Department notified him that if he did not cease devoting time to running a Democratic newspaper and devote eight full hours' time to the post office he would be removed.

Mr. MADDEN. Then, as a matter of fact he had not been devoting his time to the duties of the post office.

Mr. RUCKER. Ah, but the Post Office Department requires it, and he has to do it, and he is rendering the service now.

Mr. Chairman, I was somewhat inclined to vote for the amendment offered by the gentleman from Minnesota [Mr. STEENERSON] and think I should have done so if these gentlemen had not made me believe there is some politics in this bill. They have almost convinced me that this bill provides one way to get around that infernal humbug—civil service—and get rid of a few Republicans. I am not one of those the gentleman from Washington [Mr. HUMPHREY] speaks of as being deceitful or cowardly. I am one who does not hesitate to say that I am now and have always been in favor of naming assistant postmasters and doing away with this humbuggery of civil service by which Republicans are kept in office under Democratic administration. I would get every one of them out before to-morrow night if I had the power to do it, and believing now that the language written in this bill will help get rid of some of them, if not all, I am inclined to vote against the amendment of the gentleman from Minnesota, though I was very much inclined to vote for it at first.

Mr. STEENERSON. Mr. Chairman, I yield three minutes to the gentleman from Minnesota [Mr. SMITH].

Mr. SMITH of Minnesota. Mr. Chairman, I would not inject any remarks into this discussion at this time if it were not for the fact that a good deal has been said about the uselessness of assistant postmasters or the postmaster in case the assistant were a good and active man. In the district which I represent we have had a revision of our post office such as has been had throughout this country. We have reduced it from a five-division proposition down to a two-division proposition. Now we have but a superintendent of mails and a superintendent of finance, and both of those positions are filled by men now in the service. Nearly every first-class post office throughout the country is now upon that basis, and has those places filled, which makes it apparent that the assistant postmaster would not get one of those positions. I want to say at the present time we have a Democratic postmaster and a Democratic assistant postmaster, but it was not by operation of law. The Democratic assistant postmaster was appointed on account of the death of the Republican assistant postmaster. Both the assistant postmaster and the postmaster are live, up-to-date men, giving the city as fine a service as it is possible, and the Republicans who preceded them, both the postmaster and the assistant postmaster, were the hardest worked men in our city, and they made good, and they were both necessary. And I say it is just as necessary to-day that we have in our first-class post offices an assistant postmaster as it is necessary that we should have a postmaster.

Why, gentlemen, in that city, which is of small size, of only about 350,000 people, the assistant postmaster twice a month signs in the neighborhood of 2,000 checks, besides doing hundreds of other things that the postmaster would be tied down in doing. It seems to me it would be unwise on account of the fact that it may be possible to retain a Republican assistant postmaster under a Democratic régime. Now, it is just as possible that we may retain a good Democratic assistant postmaster under a Republican régime.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. LEWIS of Maryland. Mr. Chairman, as I understand, this reform has been recommended by the Postmaster General. It is the duty of the Postmaster General—and he has an opportunity as well—to understand the details upon which he makes this recommendation. If it is our duty to understand them, for the most part, it must be said it is a duty we can not perform. A knowledge of the details of all the activities of the Government now are quite beyond the reach of any one man, and if as legislators we are able to pass upon general principles we have discharged our duty very well. I want to say that, in my opinion, from such experience as I have, that if there is any weakness in the postal institution as a working organization it is a weakness which springs from not giving it the same liberty of action that is accorded the other great industrial institutions of our country.

And this brings me to the principal recommendation of the Postmaster General, charged with the very greatest importance, not only to the postal institution but, as I believe, to all the people of the United States. I quote from his recent report:

POSTAL TELEGRAPHS AND TELEPHONES.

The Postmaster General renews the recommendation embodied in his last annual report that Congress seriously consider the question of declaring a Government monopoly over all utilities for the public transmission of intelligence, and that steps be taken as soon as practicable to incorporate into the postal establishment the telegraph and telephone systems of the country.

In that report reference was made to the anomalous condition in this country under which the telegraph and telephone utilities, being vehicles for the public transmission of intelligence, infringe upon a function reserved by the Constitution to the National Government. They inherently, as well as constitutionally, belong to the Postal Service. That it has been the policy of this Government to ultimately acquire and operate these electrical means of communication as postal facilities, as is done by all the principal nations, the United States alone excepted, is evidenced by the fact that the first telegraph line in this country was maintained and operated as a part of the Postal Service, and, further, by the act of July 24, 1866, which provided for the Government acquisition of the telegraph lines upon the payment of an appraised valuation, and again by the act of 1902, which directed the Postmaster General "to report to Congress the probable cost of connecting a telegraph and telephone system with the Postal Service by some feasible plan."

The firm conviction of the department is here reiterated that telegraph and telephone service is inevitably monopolistic and, when operated under private control, does not render the maximum of public service at the minimum cost to the whole people.

It is an interesting fact that, whereas policies of government have been advocated and some adopted, the constitutionality of which have been seriously questioned, the principle of Government ownership and control of the telegraph and telephone finds its greatest strength in the Constitution. This opinion has been shared by practically all Postmasters General of the United States, who have held that the welfare and happiness of the Nation depend upon the fullest utilization of these agencies by the people, which can only be accomplished through Government ownership.

It is therefore recommended that early action be taken by Congress looking to the accomplishment of this end.

ECONOMIC PRINCIPLES.

[Notes from 1 to 21 are given in the appendix.]

Mr. Chairman, in approaching the subject I propose to present to the House to-day, the telegraph and the telephone agencies of the country, it is appropriate, I think, that they should be treated not as mere ephemeral incidents of legislation, but with a view to those more fundamental truths which determine our actions in disposing of the most serious problems of government.

What is the relation of the public and the post office to the telegraph and the telephone, those great agencies of communication between the people, which now eclipse the postal system in the taxes levied upon national communication?

Do they differ from the post office in the function they perform; and if not, how do they differ from industrial activities consigned by general consent to private control? Is there something in their nature which distinguishes them from the farm and the retail store, some difference which reaches the dignity of a principle of classification, assigning one to the domain of postal action, while leaving farm and store to the field of competitive control?

Mr. Chairman, there is a science of political economy; it speaks with an authority, not to say with a thoroughness of analysis and breadth of view, which I could not claim. It speaks, too, with a responsible sense, a knowledge of those perplexing varieties and complexities of modern society and industry. It knows that society has never governed itself well by utilizing merely a single truth or principle, whether it be *laissez faire*, unqualified individualism, socialism, or communism; that society is not a one-idea or a one-fingered institution, but that it possesses aspirations and appropriate organic attributes and powers which it is its duty to utilize to promote its welfare. Now, what does it say on the subject before us, first as to the natural division defining those activities which should and those which should not, on economic and social

grounds, be assigned to the control of the individual? I quote from the work of Prof. Adams, "The State and Its Relation to Industrial Action":

CLASSES OF INDUSTRY.

All industries fall into three classes, according to the relation that exists between the increment of product which results from a given increment of capital or labor. These may be termed industries of constant returns, industries of diminishing returns, and industries of increasing returns. The first two classes of industries are adequately controlled by competitive action; the third class, on the other hand, requires the superior control of State power.

FIRST CLASS—CONSTANT RETURNS.

Industries of the first class are such as demand a proportional increase in capital and labor to secure a given increase in product. That is to say, if 2x capital and labor result in 2y product, the application of 3x capital and labor would gain 3y product. The increment of return is equal to the increment of capital. All those businesses in which success depends on attention to detail and where the personal element of the laborer is brought prominently into view fall under this class. For example, the retail business of merchants is subject to the rule here stated.

e. g. Retail business: The struggle for superior success in these businesses is a struggle to depress the cost of rendering services rather than to raise the prices of services rendered.

It is not necessary for public officials to inquire if sugar is sold as low as fair dealings demand, for this business is one that admits easily of multiplication, and consequently invites competition. The step from a clerkship in a grocery to the proprietorship of a new establishment is not a difficult one to take, and for this reason we are assured that the profit of an ordinary grocer will not greatly exceed the salary which he pays his head clerk. There can, therefore, be no motive for endeavoring to apply the rule of public financing to businesses of this sort.

SECOND CLASS—DECREASING RETURNS.

Farming: The same conclusion applies to the second class of industries, where a given increment of product calls for a proportionally greater increment of capital and labor. Assuming the same relation to exist in an established business as before, if 2x capital is required for 2y product, an additional x of capital will not produce an additional y of product, but something less. That is to say, 3x capital may produce but 2½y product. Industries of this sort are said to be subject to the law of diminishing returns, and it calls for no abstruse argument to recognize that society is quite safe in submitting such lines of industry to the control of competition. The rate of product in the new industry is greater than that in the one that is further developed, and for this reason we may rely upon individual interest to maintain a large number of separate producers. The agricultural industry is usually cited as an illustration to which the principle of diminishing returns may be said to apply, and, if we leave out of view the element of accruing rent, the conclusion which we have suggested may be applied in its most extreme form to the business of farming. There is no call for Government farming.

THIRD CLASS—INCREASING RETURNS.

The peculiarity of those industries belonging to the third class, which we now come to consider, lies in the fact that they conform to the law of increasing rather than to the law of constant or decreasing returns. The increment of product from an expanding enterprise is greater than the increment of capital and labor required to secure its expansion. Adopting the algebraic formula, as before if 2x capital give 2y product, an economic application of 3x capital will give more than 3y product. * * * The important thought in this connection is that where the law of increasing returns works with any degree of intensity the principle of free competition is powerless to exercise a healthy regulating influence. This is true, because it is easier for an established business to extend its facilities for satisfactorily meeting a new demand than for a new industry to spring into competitive existence. If this analysis of industries be accepted as correct, there can be no question as to the line which marks the duties of the State. The control of the State over industries should be coextensive with the application of the law of increasing returns in industries.

There are many other lines of business which conform to the principle of increasing returns, and for that reason come under the rule of centralized control. Such businesses are by nature monopolies. We certainly deceive ourselves in believing that competition can secure for the public fair treatment in such cases or that laws compelling competition can ever be enforced. If it is for the interest of men to combine, no law can make them compete. For all industries, therefore, which conform to the principle of increasing returns, the only question at issue is whether society shall support an irresponsible extra-legal monopoly or a monopoly established by law and managed in the interest of the public. In this latter way may the benefits of organization in the form of monopoly be secured to the people, and in no other.

Thus where we have the law of increasing returns as a cause we have monopoly as a result. How shall that monopoly be rendered of the greatest service to society? Well, that, it is said, is a question of motive in financing:

Private financing: The relations here set forth will present themselves more clearly to our minds if we throw into comparison the rule of public and the rule of private financing. A private business is managed to secure a profit, and, other things being equal, the higher the price secured for any service rendered, the higher will be the profit. The rule of private financing therefore is to maintain the price of goods or services at the highest price which has no tendency to curtail profitable business. The price of goods in this case will equal the cost of production, plus the profit to the undertaker, and the only guaranty against exorbitant rates lies in the fact that purchasers are free to choose from whom they will buy.

Public financing: The rule of public financing, on the other hand, conforms to an altogether different principle. It is the purpose of government to render services at the lowest price consistent with efficient service. Price equals cost. This is true, because the State, being the manager of the business, has no motive in acquiring riches. The officers of the State receive their salaries which, roughly speaking, may be said to correspond to the profit secured by the managers of private enterprises. The guaranty that price will not be more than cost of production, including salaries of officers, lies in the publicity of accounts and in all that goes to make up efficient service. In theory,

therefore, we should expect parallel results from a monopoly under control of the State and from a business privately organized directed by the principle of free competition.

The public-service motive: In institutions, as with individuals, motive is everything. The motive to serve one's self is the common motive, and to impose sufficient restraint upon its operation, when unsocial, is, stated in a broad way, the principal object of government. There is much illogical complaint in this respect against what are called "public utilities." Their owners, who have invested their money with the purpose of gain, are expected to behave differently from investors in general. Of course they do not, but why should we expect them to? Because they have a monopoly, it is argued. Well, this may impose an inferential duty, yet who will say that it can have a decisive influence upon the normal motive of the investor to gain all he can?

Where public needs and social considerations become the principal and dominating purpose, where imperative public service is the object, the world naturally has not yet found the restricted private motive adequate to the work. Let me illustrate the normal action of this motive under the rule of private financing.

An English railway, some 60 years ago, had the question presented to it as to how to graduate its passenger rates to secure the best returns. Much as one adjusts his opera glass in the theater to obtain the clearest line of vision, these railway officers adjusted and readjusted their passenger rates. They tried rates all the way from 6 cents a mile to one-half a cent a mile, and found that as the rate was 3½ cents a mile or one-half cent a mile, the higher charge produced 6 per cent and the lower charge only 4 per cent dividends; and, acting on the private motive, or the rule of private finance, they rejected the rate which would have produced the greater public service and adopted that yielding the higher returns.

The rule of private financing is obviously applicable to Classes I and II of the economists, while the rule of public financing is equally applicable to Class III, to which the publicists and economists formally assign telegraphy, the telephones, expressage, and similar services. Against this view we have only the misapplication, by the superficial or interested, of the doctrine of laissez faire. Let us see what this doctrine is.

Prof. Cairnes says:

I must ask you, in the first place, to note what this doctrine of laissez faire, if it is to be taken as a scientific principle, really means. The implied assertion, as I understand it, is this: That, taking human beings as they are, in the actual state of moral and intellectual development they have reached; taking account of the physical conditions with which they are surrounded in the world; lastly, accepting the institution of private property as understood and maintained in most modern States, the promptings of self-interest will lead individuals in all that range of their conduct which has to do with their material well-being spontaneously to follow that course which is most for their own good and for the good of all. Such is the assertion with which we have now to deal, and you will see at once that it involves the two following assumptions: First, that the interest of human beings are fundamentally the same—that which is most for my interest is also most for the interest of other people—and, secondly, that individuals know their interests in the sense in which they are coincident with the interests of others, and that, in the absence of coercion, they will, in this sense, follow them.

Applied in its extreme or absolute form, Mill observes that "it excludes some of the most indispensable and unanimously recognized functions of government," and even Cairnes, far from claiming for it finality in application, cautions us thus:

Only let us remember that it is a practical rule and not a doctrine of science; a rule in the main sound, but, like most other sound practical rules, liable to numerous exceptions; above all, a rule which must never be allowed to stand in the way of a candid consideration of any promising proposal of social or industrial reform.

It is strongly pointed out by the sociologists that the misapplication of this maxim of laissez faire, and the consequent neglect of society to discharge its true functions with respect to monopolies, is charged with serious dangers.

The policy of restricting public powers within the narrowest possible limits tends to render government weak and inefficient, and a weak government placed in the midst of a society controlled by the commercial spirit will quickly become a corrupt government; this in its turn reacts upon commercial society by encouraging private corporations to adopt bold measures for gaining control of government machinery. Thus the doctrine of laissez faire overreaches itself; for the application of the rule which it lays down—

Major premise: All human interests are the same.

Minor premise: Each man knows his own interest, and if left to himself will follow it.

Conclusion: The best possible form of social relations will emerge from the unrestricted play of industrial freedom—

will absolutely destroy that harmony between public and private duties essential to the best results in either domain of action. (Ibid.)

Mr. Chairman, I shall not, at this point, take the time of the House to point out the moral adduced in the last excerpt. I shall not compare the public morals of New York and Berlin in street railway history; nor of London and San Francisco in the matter of the telephone. Nor will it be necessary to point

to the contrast presented by our untainted postal system, the peer of any postal organization in efficiency and honorable history.

Now, I think it plain that the doctrine of laissez faire has its true interpretation in the statement that society ought not to enter upon fields of activity where the forces of competition insure to consumers, who represent the social interest, the prevalence of competitive prices. It surely can not be applied to a monopoly, since the conditions for the play of individual freedom and struggle, predicated by the statement of the doctrine itself, are excluded in its very terms. But what is an industrial monopoly? The answer of the economist is: "An industrial monopoly may be defined as a business superior to the regulating control of competition." And what are its advantages and characteristics? Their answer is:

Provided a business admits of something like military organization; provided the details of its management have been well worked out; provided its extension to meet new demands may be accomplished by merely duplicating what already exists; and provided the social want which it supplies is widespread and constant, exclusiveness in management must lead to efficiency of management, if only men of adequate ability may be found to assume authority. Under such conditions a service may be rendered at less cost to the public than if the agents of the monopoly were broken up into competing groups. There are several reasons why this is true. The fact of an assured demand for services rendered admits of the closest calculations; the extent of the demand also allows of a minute application of the principle of division of labor; the absence of any rivalry between competing concerns precludes the necessity of expending more capital than is required for an economical performance of the service; and, what is perhaps of as much importance as any other consideration, there is no temptation to adopt speculative methods of management which lead to the covering of unnecessary losses of one period by the arbitrarily high profits of another. Thus the possibility of cheapness and efficiency seems to lie in the very nature of a monopoly. This is the beneficent principle of which mention was made, and the practical question is how to realize the benefits of this principle for society. (Prof. Adams, *The State*, etc.)

It is enough, sir, to add at this point that the conclusions of these authorities are much more than mere dicta. Every important country of the world—England wholly, as to the telephone only but recently—has long adopted these views. I insert later a list of them which finds the United States looking very solitary, with only Spain for respectable company. The authority of the above conclusions of science, supported by the almost unanimous examples of other countries, will be argument sufficient to most people for like postal assumption here. They will intuitively liken the telegraph and the telephone with our experience with the express companies and the parcel post, so long delayed by certain causes, and will feel that at last the age of constructive statesmanship has crossed the Atlantic and inspired a great party, suppressed for two generations, with its purposes to serve mankind. But, sir, I should be derelict to rest the argument on the authority of examples, however general and impressive, and so I must ask the patience of the House while I enter into a minute analysis of the facts which govern approach to businesslike conclusions on this subject.

ANALYSIS AND COMPARISON.

THE TELEGRAPH.

Let us briefly summarize the conclusions reached by the economists:

(a) That the store and farm are competitive, not monopolistic, in character, as shown by the circumstances that the prices are fluctuating. But the telegraph and telephone services are not truly competitive. Their prices do not tend to fluctuate. Thus they have the price characteristic of monopolies.

(b) There being no competition, the rule of private financing obtains, if the monopoly be privately owned; the higher the price secured the higher will be the profit.

(c) Conducted with this motive—private—the utilization of the monopoly is restricted to rendering only that degree of social service consistent with maintaining such prices.

(d) Accordingly the private conduct of a monopoly is not productive of its highest utilization or greatest social service.

Social efficiency: These maxims may be illustrated in the most direct way. In the United States there was up to the eighties something of competition between rival telegraph companies, and at competing points there were 10, 15, and 20 cent rates. The inevitable law is that such interests will not compete when it is more profitable to combine. There is now a complete concentration of the Western Union and Postal Telegraph Cos. with respect to rates, and the 10, 15, and 20 cent rates have been raised to 25 cents. The result is that while street-car fares, electric-lighting charges, even the price of gas, and transportation rates have, generally, gone down with the increase of business, telegraph rates remain substantially the same as they were fixed by these companies in 1888.

In New Zealand the telegraph system is under the principle of public financing and conducted by the post office. Since price levels there generally, as well as social and educational

conditions, resemble those of the United States, it will be permissible to compare the service there with our own. As against the minimum rate under private financing of 25 cents in the United States, the New Zealand minimum rate is 12 cents. This illustrates the normal functioning of the telegraph monopoly as publicly and privately financed, for both rates are equally normal in relation to their facts of ownership. By which it is meant to say that if the private financier should discover that only the lowest rates would produce the maximum of profit, and the public financier that only the highest rates would insure the most extensive public service, we should immediately have the New Zealand rate in the United States and the American rate in New Zealand.

But is it equally true that the rule of private financing prevents the highest social service or full potential use of this particular form of monopoly? In answer I will continue the comparison with New Zealand:

Country.	Rate	Number messages for 100 population.
New Zealand (1).....	\$0.12	896
United States (2).....	0.25 to 1.00	115

Thus, under what appears to be similar price and wage levels and social and industrial conditions, we have a telegraph institution under the rule of public financing yielding about eight times the social service attained by private financing.

From this experience we adduce another conclusion. The New Zealand State compares with one of our own of like extent and population. Its experience indicates a potential demand of eight telegrams per capita per annum for the United States, seven-eighths of which fails to find a permissible rate, and is thus suppressed by the relatively prohibitive tariffs under private financing. If this be the case, the defects are economically unpardonable; for in offending against the law of normal efficiency, by an almost complete failure to perform the function, the functionary's right to control becomes forfeit. A high rate, the highest rate, of profit, even at the cost of excessive prices, society may be willing to grant as a concession to the rights of the private financier; but a radical failure to consummate its function and afford effective accommodation for the normal requirements of society is fundamental delinquency.

INADEQUACY OF EXTENSION.

It has been suggested that substantially the entire capital and current expenditures of the rival telegraph company is wasted with reference to competitive territory. The antonym of this condition is the absence of any telegraphic service at points which are unattractive to private finance. There are 64,022 post offices and branches in the United States and but 8,849 (1912) offices maintained by the telegraph companies themselves, although they treat some 22,282 railway-signal stations as telegraph offices. Converting the railway telegraph into phone signaling is reducing this rather doubtful claim for proper geographical distribution of the telegraph service, where, with the railway business having necessary precedence, the citizen's message, even where service was given, came as a third and last attention. These telegraph offices are maintained by the railways at their own expense and for their own purposes, and would be quite as available for the postal administration as they are now to the telegraph companies. They can hardly be claimed as belonging to the service rendered by the telegraph companies proper. A comparison of the service rendered under postal administration elsewhere and private financing here may be of interest.

Country.	Number of telegraph offices to number of post offices.
Luxemburg.....	1 to 0.04
France.....	1 to 0.07
Belgium.....	1 to 1.0
Netherlands.....	1 to 1.1
New Zealand.....	1 to 1.2
Germany.....	1 to 1.1
Hungary.....	1 to 1.3
Sweden.....	1 to 1.4
Italy.....	1 to 1.5
Great Britain.....	1 to 1.7
Japan.....	1 to 1.8

Country.	Number of telegraph offices to number of post offices.
Switzerland.....	1 to 1.8
Russia.....	1 to 2.0
Norway.....	1 to 2.2
Austria.....	1 to 2.2
Denmark.....	1 to 3.0
United States ¹	1 to 7.2

¹ Commercial offices, maintained by the companies.

Two telegraph offices to three post offices, at least, elsewhere, but one to seven here.

Stated in another way, the commercial telegraph companies maintain less than one (0.8) office for 10,000 of population in the United States, while their rate averages 49 cents per message as against 16 cents in New Zealand, which maintains over 18 (18.51) telegraph offices to each 10,000 of its population. Why, sir, the nearest county seat to this Capitol is without a telegraph office. Such a statement can not be made of the postal system. When this is considered in connection with the fact that New Zealand gets a working efficiency of 3,980 telegrams per employee per annum out of its personnel—telegraph—and the American companies but 2,933, it is not difficult to see how far the private financier falls short of realizing that higher efficiency which economists declare feasible in properly financed monopolies.

A TRAFFIC-KILLING TELEGRAPH RATE.

Mr. Chairman, the most serious exaggeration of the high cost of service per message in Western Union finance remains to be stated. It is the factor inseparable from the financing of a private price-making monopoly. I refer to the necessarily low plant utilization practicable, measured in units of service attained, where the rates are made with a view to the maximum profit. Now, the effect of raising the price of any commodity or service is to correspondingly diminish the effective demand for it, and this principle is well exemplified for the telegraph service in an experience which I shall take the time to relate. The following statement is taken from page 26 of "Investigation of Western Union and Postal Telegraph-Cable Cos." by the Bureau of Labor:

In this connection it is interesting to cite the case of the Chicago & Milwaukee Telegraph Co., which was organized in 1878. It began by charging a 10-cent rate for 10 words and 1 cent for each additional word between Chicago and Milwaukee. It does principally a board-of-trade business, having its office in the board of trade building in Chicago. In 1878 the Western Union cut the rate to 5 cents for 10 words, or one-half cent a word for all words between these points. The Chicago & Milwaukee Co. met the cut so far as quotations were concerned, but kept up its 10-cent rate on orders, and this rate continued for several years to board of trade members. Finally, in 1904, the Western Union raised the rate to 25 cents for all except members of the board of trade, to whom a 15-cent rate still obtains, and the smaller company raised its rate to 15 cents for 10 words and 1 cent for each additional word to all except board of trade members, to whom it gave a 10-cent rate. Later it made a 15-cent rate to all. It does not deliver messages except by telephone, and will not accept a message for delivery to other than board of trade members, unless the delivery can be made by telephone.

The company reports handling an average of 354 messages a day, at an average charge of 17½ cents per message, on a rate of 15 cents for 10 words and 1 cent for each additional word. This Chicago and Milwaukee rate is perhaps the only survival of the low rates which were wiped out by the understanding between the Western Union and the Postal Telegraph Cos., referred to by Mr. A. B. Chandler, ex-president of the Postal Telegraph-Cable Co., in his testimony before the Industrial Commission, March 5, 1901 (printed in Vol. IX, p. 195), as follows:

"Q. Have you any understanding or agreement with your competitors in regard to a division of business or in regard to the method of conducting business?"

"A. We have no agreement or understanding with the Western Union Co. with reference to any division of business. They have no interest in our company, its property, or its business, and we have no interest in theirs; but we have an understanding with them respecting rates and respecting certain methods of competition, the giving of rebates, and things of that kind, that are equivalent to paying for the obtaining of business. We aim to put an end to that form of wasteful competition."

"Q. What has been the practice concerning rebates and other forms of cutting prior to this agreement?"

"A. Such methods had prevailed to a very large extent previous to 1888 to a very injurious extent to all concerned. At the time such understanding was had a large number of rates were reduced, long-distance rates particularly, and the very low rates—10, 15, and 20 cent rates—that had been established by the various smaller competing companies were done away with, it having been well ascertained that the more business done on that basis the worse for the doer of it."

The sequel of this episode is that the Bell system at length secured control of the Chicago & Milwaukee Telegraph Co. and substituted a 25-cent rate. I have a statement of the business done under the 15-cent rate and under the 25-cent rate:

1909. Messages at 15-cent rate.....	103,248
1912. Messages at 25-cent rate.....	57,689
1913. Messages at 25-cent rate, 6 months, January to June 30.....	22,018

That is, a two-thirds increase in the rate resulted in a reduction of the traffic of about one-half, and this is, of course, according to the principles laid down. It appears the company secured about 18 cents per message in 1908 and about 27½ in 1912; that the gross receipts were \$18,563.92 for 1909 and \$19,355.71 for 1912, and since the expenditures about equaled receipts in 1912, it is apparent that the change in rates makes the operating cost per message nearly double that of 1909.

The accounting report of this company giving the items of disbursements is referred to as a clear illustration of the high expensiveness of private as compared with postal administration. Certainly, 40 per cent of its expenses would be susceptible of elimination under postal auspices. The motive of the increase in the rate for those making it was, however, that they secured about as much revenue for half the messages as they did for the normal number of messages; and with the reduction of the service to the public by one-half they were able to dismiss two operators and two messengers, saving their salaries as profit. But the effect, none the less, was to cut the plant utilization by one-half and reduce the service to the public by an equal amount. By the same set of causes the operation cost per telegram was nearly doubled.

At this point I shall insert a table, giving the telegraph rates and the social use made of them here as compared with the postal telegraph rates, and like uses in other countries.

Minimum rates and average receipt per telegram. (12) (3).

Country. ¹	Minimum rate.	Number of words.	Each word extra.	Average receipt per telegram.
	Cents.		Mills.	Cents.
Luxemburg.....	6.7	10	6.7	10.1
France.....	9.65	10	9.6	13.3
Japan.....				12.6
Norway.....	9.65	10	13.4	19.5
Belgium.....	9.65	15	19.3	11.2
Netherlands.....	10.0	10	20.1	12.7
Sweden.....	6.7	5	13.4	14.2
New Zealand.....	12.0	12	10.0	15.7
Great Britain.....	12.0	12	10.0	15.1
Switzerland.....	6.8		4.8	13.0
Germany.....	11.9	10	12.0	17.2
Italy.....	11.6	10	9.7	
Denmark.....	13.0	10	13.0	16.3
Austria.....				21.2
Hungary.....				24.1
Australia.....	12.0	16	20.0	25.9
Do.....	18.0	16	20.0	
Do.....	24.0	16	20.0	
Russia.....	7.5		25.0	41.5
United States.....	25.0	10	20.0	47.9
Do.....	30.0	10	20.0	
Do.....	35.0	10	20.0	
Do.....	40.0	10	30.0	
Do.....	50.0	10	30.0	
Do.....	60.0	10	40.0	
Do.....	75.0	10	50.0	
Do.....	100.0	10	70.0	(13)

¹ This table is confined to domestic telegrams.

² Each 5 words extra, up to 50 words, 2 cents; 2 cents for each additional 10 words beyond 50.

³ Basal charge; each word extra.

⁴ For 15 miles.

⁵ To any point within the State.

⁶ To any point in Australia.

⁷ Address and signature not counted.

⁸ Up to 150 miles. Up to 250 miles. Up to 350 miles. Up to 450 miles. Up to 700 miles. Up to 1,500 miles. Up to 2,400 miles. Any distance in United States proper. Distances roughly approximated.

Telegrams and letters per capita.

State.	Telegrams per person. ^{1,2}	Letters per person. ³	Rank in telegrams.	Rank in letters.
New Zealand.....	8.96	93	1	2
West Australia.....	6.16		2	
Queensland.....	3.63		3	
Middle Australia.....	3.61		4	
New South Wales.....	2.73		5	
Tasmania.....	2.35		6	
Victoria.....	2.30		7	
Great Britain.....	2.01	87	8	3
France.....	1.64	34	9	11
Norway.....	1.62	28	10	13
Switzerland.....	1.61	37	11	4
Belgium.....	1.26	70	12	10
United States.....	1.15	101	13	1
Netherlands.....	1.09	38	14	9
Luxemburg.....	.99	39	15	8
Denmark.....	.97	49	16	6

¹ 1912 data; see note 1.

² 1910 data; see note 3.

³ Includes international service and cables, but does not include telegrams handled in transit between sending and receiving countries.

Telegrams and letters per capita—Continued.

State.	Telegrams per person.	Letters per person.	Rank in telegrams.	Rank in letters.
Germany.....	0.94	64	17	5
Austria.....	.73	45	18	7
Italy.....	.72	13	19	16
Sweden.....	.69	29	20	12
Japan.....	.65	23	21	14
Hungary.....	.64	19	22	15
Russia.....	.25	7	23	17

But it may be suggested that the long-distance telephone has taken the place here of the telegraph, and that if such telephone messages be added to the telegrams the disparity would disappear. This does not happen to be true, because the long-distance or interurban telephone rates being even more prohibitive than the telegraphic rates result in the same restriction of traffic. In the telephone census the long-distance message is confused with the local "toll" and local public-booth messages and the total for the country given as 340,772,803. If we regard half of these as representing local talks as estimated by a qualified authority, then the comparison, so far as the data permit comparison, is as follows:

Communications per capita.

Country.	Telegrams per 100 persons.	Interurban messages per 100 persons. ¹	Total per 100 persons.	Rank.
Denmark (private).....	87	1,600	1,687	1
New Zealand.....	896	261	1,157	2
Luxemburg.....	100	891	991	3
Germany.....	94	651	745	4
West Australia.....	616	73	689	5
Middle Australia.....	361	112	473	6
Switzerland.....	135	336	471	7
Queensland.....	363	100	463	8
Sweden.....	69	328	397	9
Norway.....	168	233	391	10
New South Wales.....	273	93	366	11
Victoria.....	230	83	313	12
United States (private).....	115	(14) 170	285	13
Great Britain.....	202	80	280	14
France.....	164	100	264	15
Netherlands.....	109	108	217	16

¹ Includes toll and long-distance messages.

It appears that we rank second in postal rates and first in utilization, while we rank eighteenth in the telegraph rate charged and thirteenth in resulting social service.

Having applied these economic principles as criteria to determine the social efficiency of our telegraph service, let us now apply them to determine their administrative efficiency.

ADEQUACY OF ORGANIZATION.

Mr. Chairman, I present now the elements laid down by the political economists as necessary in the working organization of a monopoly in order that its service be rendered at the lowest cost, and that society should realize the benefits of a monopoly in the class of enterprises for which that form of capital and labor is economically and socially adapted. The elements are stated to be:

- Unity and exclusiveness of organization.
- Details of management well worked out.
- Facility for extension by mere duplication of existing structure.

(d) A social demand for the service which is widespread and constant.

(e) Adequate ability in authority.

Results:

(f) Service at less cost than if broken into groups, because

(g) Assured demands for service admits of closest calculations.

(h) Extent of demand admits of most minute division of labor.

(i) Absence of rivalry reduces to a minimum the amount of capital and other expenditures necessary for the performance of the service.

(j) Speculative management is eliminated;

(k) And thus, with public financing motives,

(l) The maximum of cheapness and efficiency is rendered possible.

Mr. Chairman, it is, of course, not a matter of criticism that our telegraph monopoly is lacking in a main essential—the

public-service motive. As a privately financed organization, such a motive is against nature and should not be asked.

It is only by the employment of these factors that the highest utilization of the monopolistic institution can be attained. As we review them let us notice which kind of financing, the private or the public, is most adapted to virilizing the respective factors.

(a) Unity and exclusiveness of organization: That this is a primary essential is almost a truism, admitted on all sides. The Bell Co. frankly justifies its war of capture or destruction of its rivals on this ground, and but recently in its campaign of advertising against the procedure of the Department of Justice for the enforcement of the antitrust laws declared:

We believe that the highest commercial value—

In which they mean to include the element of public service—can only be attained by one system under one common control, and that it can not be given by independent systems unless they are controlled by agreements in effect making them a single system—and that is what the Bell system is.

Mr. Chairman, my preceding remarks have been mostly descriptive of the results under the principle of public and private financing. Only by general analysis have they suggested, on a priori grounds, the processes of fact which cause the disappointing results where private financing has been allowed to take the place of public financing in the conduct of the telegraph monopolies. At this point, sir, it becomes necessary to make a painstaking investigation of the minute facts and circumstances comprising the management and workings of these agencies. If the inefficiency of our telegraph networks, as conducted in the United States, is plain, while our postal agency and competitive industries show, at least, more than the average efficiency, it may be that the particular causes of such inefficiency can be identified and brought to light. Let us take up these agencies of communication and compare their methods of operation with those of the post.

EFFICIENCY OF TELEGRAPHIC ADMINISTRATION.

Recurring now to the elements of organization essential to the highest utilization of a monopoly, for social purposes, we can dispose of the first, "unity and exclusiveness," by the mere statement that there are some 25 telegraph companies doing commercial business, and that two of them duplicate their agencies in more than half of the country. The next element, "efficiency in details of management," will require more elaborate discussion.

Mr. Chairman, the public is familiar with the high state of simplicity attained in postal administration, especially in dealing with the mail piece and safeguarding the revenues. I have had experienced telegraphers outline the processes and acts of attention devoted to the telegram under private administration of these agencies. They are as follows:

HANDLING OF COMMERCIAL MESSAGES.

THE TELEGRAPH COMPANY.

1. Figures charges on telegrams.
2. Reads each message for purpose of properly deciphering it.
3. Marks on each message "time filed."
- 4a. Enters each telegram on sheet "receiving clerk's record."
5. Turns in cash to local cashier.
6. Sends telegram.
- 7b. Puts time sent, numbers, sending and receiving operators' signals on telegram.
- 8c. Checks off numbers on number sheet, and initials sheet.

RECEIVING OPERATOR.

9. Receives and transcribes telegram on proper blank.
- 10d. Checks off number on number sheet and initials opposite the number.

DELIVERY CLERK.

- 11e. Makes wet copy of telegram.
- 12f. Puts delivery number on telegram.
- 13g. Makes out delivery sheet for messenger.
- 14h. Enters telegram on "delivery clerk's record."
15. Incloses telegram in envelope and addresses envelope.
- 16i. Examines delivery sheet to see telegram is properly receipted for.
- 17j. Collects cash from messenger to cover "collect received" telegrams.
- 18k. Turns in cash to local cashier.

MESSENGER BOY.

19. Delivers telegram to proper addressee.
- 20l. Secures receipt for telegram on delivery sheet.
21. Collects cash on "collect" telegrams.
- 22m. Returns delivery sheet and cash to delivery clerk.

RECEIVING OPERATOR (RELAY POINT).

23. Receives and transcribes telegram on proper blank.
- 24n. Checks off number on number sheet and initials sheet.

SENDING OPERATOR (RELAY POINT).

25. Sends telegram.
- 26o. Times telegram, etc.
- 27p. Checks off number sheet.

Here, then, are 27 processes, for 16 of which (the lettered ones) an argument of elimination might well be made with the introduction of the stamp and other simplified postal methods.

But whatever may be thought of the susceptibility to elimination of half of the above items, it is believed that the following, some 47 in number, all accounting processes, would give way under public management to the prepaid or postage-due stamp. We find it safe to intrust three hundred millions of postal revenue to such stamps now.

OPERATIONS IN THE ACCOUNTING DEPARTMENT.

CASHIER (LOCAL).

1. Checks up and balances "receiving clerk's record" of messages.
2. Checks up and balances "delivery clerk's record" of messages.
3. Checks up and balances money-order clerk's sent-and-received record.
4. Checks up "charge accounts," weekly or monthly bills of customers for messages.
5. Turns over above four accounts to bookkeeper.
6. Checks up receiving clerk's record, branch offices.
7. Checks up delivery clerk's record, branch offices.

BOOKKEEPER (LOCAL).

8. Records cash received, daily receiving clerk's record.
9. Records cash received, daily delivery clerk's record.
10. Records cash received, "sent" money orders record.
11. Records cash received, "received" money orders record.
12. Records cash received, receiving clerk's record, branch offices.
13. Records cash received, delivery clerk's record, branch offices.
14. Records all charge accounts.
15. Records payment of charge accounts.
16. Makes out weekly balance sheet.

CHARGE-ACCOUNT CLERK.

17. Makes out charge accounts (weekly and monthly).
18. Balance with bookkeeper.
19. Sends out bills of charge accounts.

AUDITOR'S OFFICE (LOCAL).

20. Balances with cashier "receiving clerk's" record.
21. Balances with cashier "delivery clerk's" record.
22. Balances with cashier receiving clerk's record, branch offices.
23. Balances with cashier delivery clerk's record, branch offices.
24. Checks up number sheets of main and branch offices.
25. Keeps book record of branch office receipts.
26. Inspects "sent messages" to see that they all bear number, time, and operator's signature.
27. Makes daily record of messages on forms supplied for "Sent paid," "Sent collect," "Received paid," "Received collect," for public, press, and Government accounts.
28. Statement of Government messages sent paid, for Government, for general auditor.
29. Statement of Government messages sent collect, for Government, for general auditor.
30. Statement of Government messages received paid, for Government, for general auditor.
31. Statement of Government messages received collect, for Government, for general auditor.
32. Statement of messages upon which there are other line tolls, for general auditor.
33. Makes daily check sheets for each city (amount of tolls).
34. Makes statement of "deadhead" messages.
35. Makes monthly statement of uncollected messages.
36. Sorts all messages as to cities.
37. Sorts all messages as "sent paid."
38. Sorts all messages as "received paid."
39. Sorts all messages as "sent collect."
40. Sorts all messages as "received collect."
41. Figures amount of tolls on each message.
42. Files all messages by dates.
43. Answers all check-error sheets.
44. Makes daily statement of "sent" press report (number of words and city).
45. Counts number of words in "sent" press matter.
46. Makes daily statement of "received collect" press matter.
47. Counts number of words in "received collect" press matter.

If it is objected that all these are very little things, let it be remembered that so, too, is the telegram; and that if it is to be loaded down with an accounting burden only to be compared with the accounting applied to a carload lot of freight in railway transportation, as the express companies have done with their packages, the 25-cent minimum of the railway and of the express company and the like minimum of the telegraph company becomes logical enough, even if economically indefensible for a mere electrical letter.

It is exactly accurate to say that merely affixing the stamp to the letter replaces these 47 accounting processes with the individual telegram under postal practice. That is, the postal system realizes the first great canon of a publicly financed monopoly. Its "details of management have been well worked out."

It is not meant to criticize the fiscal management of the telegraph companies here described. There are many reasons why the conservative private financier may find it essential to employ all the processes set forth, although under postal financing the postage-paid or postage-due stamp would safely suffice. The same phenomenon of relative rather than actual waste or inefficiency appears in the handling of the parcel by the express company when compared with the Postal Department.

LIST OF EXPRESS PROCESSES.
THE EXPRESS COMPANY.

1. Ascertains the rate to be paid. (The quotation of the parcel-post rates is nearly wholly from memory; that is, automatic.)
2. Makes out waybill.
3. Copies waybill into record of shipments "forwarded."
4. Copies same into record of shipments "received."
5. Makes statement of "shipments sent" to auditor.
6. Makes same of shipments "received."
7. Auditor checks waybills against record of "sending" agent.
8. Auditor checks same against record of "receiving" agent.
9. In case of "through" waybills previous items repeated.
10. Auditor makes division of percentages going to express company and the railway or railways.
11. In case of "through" waybills auditor makes like division of percentages between express companies and railways.

Affixing the postage stamp replaces all these processes in the post office.

If the Postal System were to copy express practice—that is, if it had to keep in view such a set of privative relations to the shipment—the first pound parcel rate would have at least to be doubled to pay the expense. It is likely true that the telegraph companies would find it as impossible to eliminate these accounting processes as do the express companies. At the same time, the postal method finds the stamp a sufficient accountant and conservator of its revenues.

Traffic density and efficiency.

Country.	Telegrams per employee.		Telegrams per office maintained.	
	Per annum.	Per day.	Per annum.	Per day.
New Zealand (1).....	3,980	10.9	4,573	12.5
United States (6).....	2,933	(2) 8.0	15,114	41.4

The New Zealand postal telegraph employee gives a daily and yearly product exceeding the private employee of the United States by over 36 per cent, and this in the face of the circumstance that the traffic supply in the American office exceeded the New Zealand by 231 per cent. If the New Zealand postal employee had presented him a daily supply of telegrams as great as the American, his product might have been twice or three times as great.

The vital test, as well as the instinct, of a truly private or competitive business is its ability to cheapen the productive cost of its unit of production. An increase of supply, or gross amount of production, is one of the factors which enable it to cheapen such cost. New Zealand wage levels are as high as our own, and its postal employees are said to enjoy an eight-hour day. Its telegrams cost it for all the expenses of operation just 24 (24.32) cents, while the American telegram cost 50 (49.76) cents, without including interest or taxes in either case. (Cablegrams, included with telegrams in operative expenses. See note 2.) Although the New Zealand postal employee in the telegraphic service got an average wage of \$727.11 against \$662.15 here, and had to maintain 4 (3.76) miles of wire per 100 persons served, as against 2 (1.97) miles here, and 1 (1.15) miles of pole line, as against one-quarter (0.26) of a mile here, it handles the telegram under high-plant utilization at an expense just half that of the private motive in the United States.

With three times the traffic density per office the telegraph companies of the United States still do not take first place in product per employee. Here attention is called to the gross amount of idle plant implied in the small number of telegrams per employee per average day—not more than 8 messages per day. This compares with 193, the average mail pieces per day for the average postal employee, with its collection, 620 miles of railway transportation, distributions, and deliveries over the city and rural routes.

I have thus far treated the question of efficiency as related to the amount of work or product which privately financed and public financed monopolies secured from their employees. But I put it to the serious judgment of the House whether the question of efficiency ought to be decided on such narrow grounds. Ought not such a question include a comparison of the rates charged to the public, and consequent degree of social service?

WASTES OF DUPLICATION.

Finally we have the competition of the Western Union Telegraph and the Mackay or Postal Co. The former has 220,938 miles of pole line and the latter 66,154 miles. The Postal Telegraph Co.'s lines are largely leased telephone wires. The 1912 census gives the total telephone pole lines as 247,528 miles, and the miles of wires 1,814,196. (Note 2.) The Postal Telegraph Co. has its complementary offices maintained by itself or numerous

constituent companies. Nearly all of these are stationed at points where the Western Union maintains like offices. It is almost accurate to say that if one of them were to instantly withdraw from all these points the remaining company could handle the entire business without substantial increase of men or material. At such points there is a profit for both companies, although at 50,000 points where they have no offices the Postal Department maintains its offices without profit, using the profits from the larger ones to recoup the loss. Here is a fundamental defect which private financiering can not overcome. It will exploit to the point of wasted plant and personnel at the points of profit, but naturally refuses to apply its excess revenues from such points to maintain services at nonremunerative points.

Need it be suggested that the Postal Department at all these 50,000 points has its agencies established, and that where the wires are in the neighborhood to be connected with its existing offices, no additional expense would be incurred to furnish these services to that large portion of the public now denied them? Thus the plethora of service in the cities would be removed to the towns and country to correct the entire absence of service there. The Morse operator could be employed where the traffic justified. At the fourth-class, or even third-class, office, where it did not, the automatic receiver or mechanical sender or the phone might be employed to forward the message to or from a regular office. All this with only such additional expense as the traffic at such points would make necessary in extra compensation to the postmaster. But I need not detail the complete adaptability of the Postal System to readily absorb this secondary form of communication in nearly all instances without any of the costs which now attend telegraphy, except for maintenance and the wages of its operators, linemen, messengers, and necessary technical engineers.

Mr. Chairman, it is evident that our private exploitation of the telegraph agencies of communication fail to gratify the laws of either administrative or social efficiency. Their rates are the highest, their services the lowest, and their product per unit of economic energy employed among the lowest in the world. And all these failures are according to the laws laid down by the political economists of our time.

We turn now to the postal employee. Let us see what it is he does. Obviously, in the main, it is to handle the mail piece. How well does he perform this work? Here is the record for 27 years:

Year.	Number of employees.	Estimated number of pieces mailed, including foreign matter.	Number of mail pieces per employee per annum.	Cost per average mail piece, in cents.	Cost per average mail piece, in cents, excluding assignable cost of Rural Delivery Service.
1886.....	122,698	3,474,000,000	28,313	1.44	.....
1887.....	127,288	3,495,100,000	27,458	1.49	.....
1888.....	134,112	3,576,100,000	26,665	1.55	.....
1889.....	129,206	3,800,200,000	29,855	1.58	.....
1890.....	153,857	4,005,408,206	26,033	1.61	.....
1891.....	162,855	4,369,900,352	26,833	1.63	.....
1892.....	171,780	4,776,575,076	27,806	1.57	.....
1893.....	175,018	5,021,841,056	28,209	1.57	.....
1894.....	183,916	4,919,000,000	26,746	1.67	.....
1895.....	189,671	5,134,281,200	27,069	1.64	.....
1896.....	194,533	5,693,719,192	29,268	1.54	.....
1897.....	199,846	5,781,002,143	28,927	1.57	1.57
1898.....	208,873	6,214,447,000	29,752	1.50	1.50
1899.....	215,904	6,576,310,000	30,459	1.47	1.47
1900.....	224,029	7,129,990,202	31,826	1.44	1.43
1901.....	235,327	7,424,390,329	31,549	1.48	1.46
1902.....	246,524	8,085,446,853	32,797	1.47	1.42
1903.....	256,673	8,887,467,048	34,625	1.49	1.40
1904.....	268,685	9,502,459,535	35,366	1.53	1.40
1905.....	272,034	10,187,505,889	37,449	1.56	1.36
1906.....	278,658	11,361,060,610	40,770	1.49	1.28
1907.....	278,010	12,255,666,367	44,083	1.48	1.23
1908.....	283,481	13,173,340,329	46,469	1.50	1.25
1909.....	288,036	14,004,577,271	48,620	1.49	1.25
1910.....	291,320	14,850,102,553	50,975	1.47	1.22
1911.....	291,113	16,000,552,138	58,054	1.33	1.12
1912.....	290,701	17,588,658,941	60,504	1.34	1.10

Mr. Chairman, during the years of that record not only have the units of service more than doubled but city and rural delivery have been added, virtually doubling the quality of the service. And not only has the quality nearly doubled, the cost of the service, as we see, has been reduced for each piece. Sir, I invite any privately financed public-service agency to compare its record as against this. Can any telegraph or telephone company enter the lists on this showing of advancing efficiency and progress?

At this point it may be interesting to compare our postal accomplishments with that of other nations.

Number of postal-service units per postal employee.¹

Country.	Units.	Rank.
Belgium.....	85,819	1
United States (1912).....	60,651	2
Netherlands.....	53,621	3
Italy.....	42,947	4
Luxemburg.....	40,321	5
Denmark.....	38,930	6
Switzerland.....	37,562	7
Germany.....	37,236	8
Sweden.....	35,837	9
France.....	33,697	10
Norway.....	32,414	11
Austria.....	30,528	12
New Zealand.....	28,696	13
Great Britain.....	26,056	14
Hungary.....	23,025	15
Japan.....	21,820	16

¹ Data 1910.

Mr. Chairman, from this table it appears that Belgium is first and the United States second in postal efficiency among all the nations of the world. And if Belgium were not composed virtually of one large city with suburban surroundings I think we should really rank first.

The cost per message should decrease with the increase of the traffic, as shown with the mail piece, and another element of economy thus be added. The intent has been to show the failure to realize operative economy by merely confederating otherwise autonomous groups which, in the cases of the telegraph and telephone systems and their rate-making agreements, fail to produce the advantages or operative economy of a pure monopoly, but instead only an effective power to fix the rates most desirable to the owners.

THE TELEPHONE. ANALYTICAL AND COMPARATIVE.

Mr. Chairman, so far I have placed under survey the telegraph agencies in relation to the postal systems of the principal countries of the world. My next duty is to apply the same standards of economic science to the telephone. In doing this I shall think it unnecessary to repeat what has already been stated of the telegraph where the matter is obviously equally applicable, nor shall I repeat the opinions of the economists whose criteria I mean to apply to telephone administration.

EFFICIENCY OF TELEPHONE MONOPOLY.

The canons of efficiency are the same for the telephone and telegraph:

- (a) The social test: What is the degree of service rendered to the public?
- (b) The economic: What does it cost the public?
- (c) The publicist: What are the social influences?

How do these compare under private and postal financing? The telephone service subdivides itself into, first, the local and, second, the toll and long distance, and the statistics for each of these is twofold in character; that is to say, there are the varying rates fixed in the contracts corresponding, differing in the different cities and towns of the country, by which the patron secures a limited or an unlimited local service, or a measured, or a one or more party line service, or by which for toll or long-distance conversations the rate is graduated into day and night distinctions. Then there is the rate which is constituted from the sum of all these; that is to say, the total number of conversations, local, toll, and long distance, for a year is taken, and for each class, respectively, is divided into the receipts from that class, thus giving the average local, toll, and long-distance rates collected. This rate is called the statistical rate or average charge; the former, the tariffs paid by the patron, is called the tariff rate. I shall first present the local rates for the different countries statistically and compare them with the letter rates prevailing in each country:

Subscribers' local telephone rates.

Rank.	Country (1).	Average local phone rate.
		Mills.
1	Sakhalin, postal.....	4.4
2	Norway, private.....	4.5
3	United States, mutuals ¹	4.7
4	Japan, postal.....	4.8
5	Netherlands, municipal ²	5.0
6	Netherlands, private ²	5.0

¹ Census 1907.

² Estimated.

Subscribers' local telephone rates—Continued.

Rank.	Country (1).	Average local phone rate.
		Mills.
7	Norway, postal.....	6.2
8	Manchuria, postal.....	6.2
9	Russia, postal.....	6.6
10	Bulgaria, postal.....	6.9
11	Formosa, postal.....	7.1
12	Sweden, postal.....	7.4
13	United States, independents.....	8.8
14	Chosen, postal.....	8.9
15	Tunis, State.....	9.5
16	Austria, postal.....	10.1
17	Denmark, private.....	10.5
18	Hungary, postal.....	10.5
19	Servia, postal.....	10.6
20	Queensland, postal.....	12.7
21	Tasmania, postal.....	13.1
22	West Australia, postal.....	13.3
23	Victoria, postal.....	13.9
24	Bosnia, postal.....	14.4
25	Germany, postal.....	14.6
26	Belgium, postal.....	16.6
27	Switzerland, postal.....	17.0
28	New South Wales, postal.....	17.3
29	United States, Bell (4).....	18.6
30	France, postal.....	19.9
31	Middle Australia, postal.....	20.2

A computation of all the local calls between subscribers for all the telephone institutions reporting the data, including the American independents, shows that, including such calls of the Bell system, according to its report in 1912, there were altogether 19,572,244,474 such messages.

The Bell system secured \$1.86 per 100 calls; the average for the others was but 93 cents per 100 calls. (5.)

Thus the Bell system places us twenty-ninth in line among telephone institutions, although we have the lowest letter rates in the world with the single exception of Japan, which charges 1½ cents per letter.

It will not do to say that our letter rate is too low or does not pay. It yields, in fact, a profit of about one-third. The local and other telephone rates given for the United States are for 1912, those of the Bell system embracing about two-thirds of the entire traffic. Our mutuals give a much lower rate, according to the statistics of 1907. The Bell system secures about twice the rate for its service collected by the independents, presumably giving a local service as good as the Bell's.

Let us review this 1907 American experience:

Average rate and operating expense per message.

	Rate.	Equals rate per year.	Operating expense.
Mutuals.....	\$0.0047	\$5.35	\$0.0039
Independents.....	.0114	18.50	.0062
Bell system.....	.0211	42.35	.0148

The above table includes local, toll, and long distance for the independents and the Bell, whose statistics, taken from the census and the Bell report for 1907, were as follows:

	Receipts.	Expenses.	Number of messages.
Bell.....	\$128,556,506	\$87,908,000	5,977,000,000
Independents.....	55,227,531	29,782,964	4,829,547,057

The Bell data for 1907 are taken from its own report, while the independents' are taken from the census by deducting the Bell figures. The item of Bell receipts represents an estimate of \$7,803,306 for its long-distance receipts, being double the amount of the item "Net \$3,901,653 from telephone traffic." The item for maintenance and depreciation, \$34,685,700, in the Bell account largely represents an element of undistributed profits which have been turned into new construction or purchase of other companies, the whole of this element for a series of years representing, according to the report of 1912, the sum of \$165,000,000. This item probably largely accounts for the alleged much higher operating expense per phone of the Bell system.

It is urged by Mr. Vail, in his report for the Bell system in 1913, that:

We are opposed to Government ownership because we know that no Government-owned telephone system in the world is giving as cheap and efficient service as the American public is getting from all its telephone companies. We do not believe that our Government would be any exception to the rule.

And (12) the following table is cited in support of the declaration:

Average exchange revenue per telephone, by countries.

Austria, 1912	\$24.96
Belgium, 1911	39.05
France, 1912	28.61
German Empire, 1911	22.69
Great Britain, 1912 (not including municipal systems)	32.60
Hungary, 1912	30.81
Switzerland, 1912	18.43
New Zealand, 1912	24.44
Australia, 1912	28.53
Average for foreign countries	26.82
Bell system, 1912	30.93

This method merely shifts one from the call or message to the phone as the unit of price measurement. But even so, the assertion is not sustained by the facts. The following tables are taken from official sources (1) and give the average revenue per phone from (a) local calls between subscribers and (b) the average revenue per phone from toll and long-distance messages.

Product and revenue per phone compared with Bell system.

Country.	Local subscribers calls per phone.	In per cent of Bell calls per phone.	Receipts per phone.	Per cent of Bell receipts per phone.
Tunis	393	24	\$3.72	12
Norway, private	1,984	119	8.88	29
Switzerland	607	37	10.55	34
Norway, State	2,172	131	13.70	44
Sweden, State	1,842	111	13.76	44
Luxemburg, State	613	37	14.89	48
Tasmania, State	1,210	73	15.98	52
Denmark, private	2,634	158	16.21	52
Servia, State	1,592	96	16.98	55
United States, independents	2,013	121	17.64	57
Bosnia, Herzegovina, State	1,287	78	19.10	62
Sakhalin, State	4,352	262	19.25	62
Bulgaria, State	2,837	171	19.80	64
Japan, State	4,315	260	20.84	64
Germany, State	1,407	85	21.03	68
West Australia, State	1,668	100	22.19	72
New South Wales, State	1,583	95	22.58	73
France, State	1,162	70	22.97	74
Queensland, State	1,839	111	23.84	77
Austria, State	2,441	147	24.90	81
Victoria, State	1,883	113	25.47	86
Hungary, State	2,613	157	27.49	90
Formosa, State	3,919	236	28.18	91
Russia, State	4,466	269	29.72	94
Bell system	1,662	100	30.93	100
Manchuria, State	5,385	324	33.58	109
Middle Australia, State	1,672	101	34.16	110
Chosen, State	3,911	235	34.24	111
Belgium, State	3,129	190	47.15	152

Thus the Bell system ranks the highest but 4 among 29 in the gross amount collected per phone for the local service, and the highest but 2 judged by price and product, France and middle Australia alone exceeding it.

A like table for the toll and long-distance services is now submitted:

Country	Toll and interurban calls per phone.	Per cent of Bell messages per phone.	Receipts per phone.	Per cent of Bell revenue per phone.
Denmark, private	612	1,275	\$3.04	33
Luxemburg, State	592	1,233	4.88	53
Germany, State	313	652	11.96	130
Tunis, State	205	427	16.46	179
Tasmania, State	176	367	11.19	121
Victoria, State	169	352	6.75	73
Norway, State	160	333	13.51	147
Bulgaria, State	150	312	17.95	195
Sakhalin, State	149	310	10.85	118
Chosen, State	144	300	9.15	99
Switzerland, State	143	298	17.53	191
France, State	143	298	12.87	140
Formosa, State	137	285	12.42	139
Sweden, State	134	279	12.20	131
Norway, private	133	279	2.38	26
Belgium, State	133	279	10.80	117
Bosnia, Herzegovina, State	108	225	14.10	153
West Australia, State	104	217	5.03	55
Russia, State	102	212	8.10	88
Japan, State	101	212	11.96	130
Manchuria, State	101	212	15.90	162
Queensland, State	94	196	11.38	124
Austria, State	76	158	10.76	117
Middle Australia, State	74	154	6.75	73

Country.	Toll and interurban calls per phone.	Per cent of Bell messages per phone.	Receipts per phone.	Per cent of Bell revenue per phone.
Hungary, State	64	133	\$10.47	114
Bell system	48	100	9.21	100
Servia	48	100	15.92	173
United States, independents	42	87	4.20	46
New South Wales, State	39	81	5.21	57

Thus, for what it does, the Bell phone secures the highest payment; on the subscribers' local call service greater than all other 29 systems, except France and middle Australia, two belated telephone countries; on the toll and long distance greater than all 29 except Servia. That is—

Rank of Bell system, local service, in 29, twenty-seventh.

Rank in toll and long-distance service, in 29, twenty-eighth.

The fact that the independents rank at a point representing the average of other countries precludes the defense of American price levels. The Bell system, because of its great size, not to speak of its initial advantages as the patentee, and excellent management in this respect, is said to cost less per phone than either the independents or foreign systems. (12.)

An effort is made to explain the disparity by the higher American wages paid; but the rates of the independents are but half those of the Bell system, and they work under American conditions. But there is a prodigious difference between the number of employees per phone and pole line unit between the two. It is possible that much of the current expense and personnel, as in the case of many railroads in the past, is being devoted to development and construction by the Bell system, which, if true, might account for the difference.

THE TARIFFS.

The statistical charges give but a very deficient conception of the situation as to actual telephone tariffs. While there are points at which a phone may be rented on the basis of yearly tariffs of \$24 for business and \$18 for residence service; as a matter of fact, with the Bell system at least, the rule of 5 cents a call comes more nearly expressing the rate available to the city public. This is seen in the following examples allocated according to the density of the different centers of population. Table giving annual tariffs, unlimited, exclusive service, for leading cities of different countries.

City.	Population.	Tariff.
Christiania	227,623	\$21.44
Stockholm	351,003	24.44
The Hague	271,300	21.00
Copenhagen	608,000	32.00
Tokyo	2,168,151	34.00
Auckland, New Zealand		34.09
Amsterdam	557,614	56.00
Rotterdam	417,900	36.00
Berlin	2,320,000	43.20
Budapest	880,000	57.90
Paris	2,940,000	77.20
London	7,280,000	82.79
Oakland, Cal.	150,174	84.00
Chicago	2,185,283	84.00
New Haven	133,605	84.00
Philadelphia	1,519,098	90.00
Seattle	237,194	90.00
Cincinnati	394,463	100.00
Boston	670,585	125.00
Denver	213,381	138.00
Washington	331,099	168.00
Baltimore	558,485	174.00
San Francisco	416,912	180.00
New York (17)	2,331,542	228.00

¹ See appendix for limited service rates.

² The Bell rate is \$125.

³ Competition.

⁴ Baltimore and New York limited to 5,400 and 5,700 calls.

Note 17 covers Manhattan only. See note 17 in appendices.

Comparisons based on the flat or unlimited-service rate do not adequately present the field of traffic. While, except in small towns and for the residence service, the flat-rate business works out the lowest average charge per call, it does not reflect the degree to which a popular use of the service may be had. To measure these possibilities we must go to the limited or measured-service rates, under which the user is asked to pay in accordance to the number of calls. This comparison can not be made as simple as for the flat-rate tariffs without circumscribing, which I shall do by taking selected numbers of rates as, for example, the cost per call of the first 2,000, 5,000, and 10,000 calls for one-party business lines:

Rates per call for measured service in principal cities of the world.

Country.	Per call.		
	2,000 calls.	5,000 calls.	10,000 calls.
Switzerland, Berne.....	\$0.0140	\$0.0116	\$0.0100
Covington, Ky.....	.0450	.0390	.0238
Belgium, Brussels.....	.0184	.0100	.0060
Baltimore, Md.....	.0500	.0336	.0312
Australia, Sydney.....	.0197	.0106	.0085
Washington, D. C.....	.0400	.0306	.0283
Italy, Rome.....	.0200	.0140	.0120
New Orleans, La.....	.0400	.0280	.0240
Austria, Vienna.....	.0200	.0100	.0100
Cincinnati, Ohio.....	.0450	.0360	.0330
Germany, Berlin.....	.0216	.0086	.0043
Boston, Mass.....	.0450	.0360	.0330
France, Paris.....	.0240	.0154	.0077
New York, N. Y.....	.0555	.0420	.0400
Denmark, private.....	.0294	.0197	.0171
San Francisco, Cal.....	.0648	.0487	.0265
Average postal telephone rate.....	.0197	.0123	.0085
Average American telephone rate.....	.0493	.0371	.0300
American rate exceeds postal (per cent).....	167	200	215
American rate exceeds Australian (per cent).....	150	250	250

* Computed on flat rates.

Postal telephone rates, like mail rates, are uniform for similar services. The following table of the same rival gives the rates of the Bell system for some 60 cities, graded from the highest to the lowest populations. The letter (c) indicates competition.

The depressing influence of competition on the rates is obvious:

Flat rates, exclusive service.

No.	City.	Population.	Rate.
1	New York, N. Y.....	2,331,542	1 \$228-a
2	Chicago, Ill.....	2,185,283	84-c
3	Philadelphia, Pa.....	1,540,008	90-c
4	St. Louis, Mo.....	687,029	78-c
5	Boston, Mass.....	670,585	125
6	Cleveland, Ohio.....	560,603	72-c
7	Baltimore, Md.....	558,485	174-b
8	Pittsburgh, Pa.....	533,905	80-c
9	Buffalo, N. Y.....	423,715	72-c
10	San Francisco, Cal.....	416,912	180
11	Cincinnati, Ohio.....	364,463	100
12	Washington, D. C.....	331,069	168
13	Los Angeles, Cal.....	319,198	63-c
14	Seattle, Wash.....	237,194	90
15	Indianapolis, Ind.....	233,650	54-c
16	Providence, R. I.....	224,326	80
17	Rochester, N. Y.....	218,149	48-c
18	Denver, Colo.....	213,381	138
19	Portland, Oreg.....	207,214	72-c
20	Toledo, Ohio.....	168,407	48-c
21	Oakland, Cal.....	150,174	84
22	New Haven, Conn.....	133,605	84
23	Memphis, Tenn.....	131,105	48-c
24	Scranton, Pa.....	129,867	42-c
25	Richmond, Va.....	127,628	72
26	Hartford, Conn.....	98,915	84
27	Trenton, N. J.....	96,815	36-c
28	Springfield, Mass.....	88,928	63
29	Wilmington, Del.....	87,411	46-c
30	Des Moines, Iowa.....	86,308	60
31	Norfolk, Va.....	67,452	60
32	Savannah, Ga.....	65,064	36
33	Portland, Me.....	58,571	60
34	Johnstown, Pa.....	55,482	30-c
35	Altoona, Pa.....	52,127	30-c
36	Springfield, Ill.....	51,678	36-c
37	Mobile, Ala.....	51,621	48
38	Springfield, Ohio.....	46,921	36-c
39	York, Pa.....	44,750	48
40	Sacramento, Cal.....	44,636	72
41	Berkeley, Cal.....	40,434	84
42	San Diego, Cal.....	39,578	48-c
43	Dubuque, Iowa.....	38,494	48
44	Tampa, Fla.....	37,782	54
45	Rossmore, Va.....	34,874	48
46	Jackson, Mich.....	31,433	30-c
47	Decatur, Ill.....	31,140	30-c
48	Lynchburg, Va.....	29,494	48
49	San Jose, Cal.....	28,946	60
50	Newport, R. I.....	27,149	60
51	Fresno, Cal.....	24,892	60
52	Everett, Wash.....	24,814	48-c
53	Hurlington, Iowa.....	24,324	72
54	Alameda, Cal.....	23,383	84
55	Oswego, N. Y.....	23,368	36
56	Stockton, Cal.....	23,253	60
57	Kenosha, Wis.....	21,371	42
58	Winona, Minn.....	18,583	48
59	Helena, Mont.....	12,515	60-c
60	Iowa City, Iowa.....	10,091	63

* Rates recently reduced 10 per cent.

NOTE (a): Limited to 5,700 calls; Manhattan district only. Note (b): Limited to 5,490 calls.

Twenty-four cities, averaging 342,486 in population, pay an average rate of \$53 under competition, while the remaining 36 cities, averaging 188,629 in population, without competition, pay \$81. Even where

competition is absent there does not appear to be any rational order of rates. Stockton, Cal., with 23,253 population, pays the same rate (\$60) as Des Moines, Iowa, with 86,308, and pays twice as much as Johnstown, Pa., with 55,482 population, and only \$24 less than Chicago, Ill., under competition.

Mr. Speaker, I have now to present, comparatively, the toll rate for the different countries. Except in the United States and where otherwise stated, the service is postally conducted. (7), (11).

Long-distance tariffs.

Country.	100 miles.	300 miles.	500 miles.	700 miles.
(a) Sweden.....	\$0.08	(a) \$0.13	(a) \$0.20	(a) \$0.27
(b) France.....	.10	(k) .24	(k) .36	(k) .48
(c) Italy.....	.19	(e) .34	(n) .38	(b) .58
(d) Belgium.....	.19	(b) .35	(b) .53	(g) 1.12
(e) Norway.....	.20	(n) .38	(m) .81	(l) 1.26
(f) Denmark.....	.20	(c) .38	(h) .84	
(g) Japan.....	.20	(g) .50	(g) .87	
(h) New Zealand.....	.24	(l) .54	(o) 1.50	
(i) Great Britain.....	.24	(m) .61		
(k) Germany.....	.24	(o) .62		
(l) Australia.....	.32	(h) .73		
(m) Austria.....	.38	(l) .80		
(n) Hungary.....	.38	(l) .84		
(o) Russia.....	.38			
(p) United States (Bell).....	.60	(p) 1.80	(p) 3.00	(p) 4.20

NOTE.—The letters preceding the name of each country are used to identify the countries to which the rates given for 300, 500, and 700 miles belong.

Thus the Bell system gives the United States the fifteenth and last place in the scale of efficiency with respect to long-distance charges. This is a most serious circumstance for us economically and socially, in view of the American scale of distances, as may be seen in our average freight haul, which is ten times that of Great Britain, and from four to five times as long as in the other countries. This circumstance but lightly reflects our need for utilizable rates over the telephone for the scale of distances which separate the centers of communication in the United States. The Bell Telephone has an even rate of 6 mills a mile for a three-minute conversation; and a thousand miles therefore commands a Bell charge of \$6 per talk. This happens to be about the same rate (7.53 mills) the railways secure for hauling a ton of freight a mile. But the railways do not make their charge arithmetically progressive. If they were to do so, their rate on the longer distances would be so high as to sweep such traffic from the rails. What they do in fact, although not in theory, is to double the charge as the distance quadruples. Thus the charge for 25 miles might be 10 cents per 100 pounds, first class; the rate for 100 miles would be 20 cents; for 400 miles, 40 cents; for 900 miles, 60 cents; the rate increasing not arithmetically but according to the square root of the number of miles. Thus if the charge for a phone call were placed at 10 cents for 25 miles, on the square-root formula it would increase to 20 cents for 100 miles, 40 cents for 400 miles, 50 cents for 625 miles. In fact, such a rate would slightly exceed the long-distance rates on the Continent.

Continental rates for long-distance compared with square-root formula.

Country.	25 miles.	100 miles.	300 miles.	400 miles.	500 miles.	700 miles.
Sweden.....	\$0.04	\$0.08	\$0.13	\$0.20	\$0.27	\$0.34
Norway.....	.07	.20	.34	.40		
France.....	.05	.10	.35	.43	.53	.53
Italy.....	.10	.19	.38	.38		
Belgium.....	.10	.19				
Denmark.....	.07	.20	.54			
Germany.....	.06	.24	.24	.36	.36	.48
Austria.....	.12	.38	.61	.61	.81	
Hungary.....	.10	.19	.88	.38	.38	
Average continental rate.....	.08	.20	.37	.39	.46	(1)
Formula rate.....	.10	.30	.35	.40	.45	.53
Bell rate.....	.25	.60	1.80	2.40	3.00	4.20

* Average is \$0.45, but rates of only 3 countries are given.

It will be urged, of course, that prices are higher here; but they are not higher here, they are higher in Europe on the copper and metal poles, which mainly enter into the capital cost of a long-distance line; higher by the price of the transportation of such material from this country to the Continent. It may cost more to conduct such a line here in the expense of personnel, but the difference could hardly be more than 10 per cent of the continental rate. It is true, however, that a special charge is made abroad for an urgency, or preferential, use of the line, but its payment secures one the preference, while with the Bell system the charge is all the same and one has to wait his turn despite the rate.

The effect of these abnormal rates upon the utilization of the long-distance service may readily be seen. The number of

interurban conversations per phone in the different countries is as follows:

Interurban and long-distance conversations per phone.

Country.	Number of conversations.	Rank.
Denmark.....	761	1
Netherlands.....	634	2
Denmark (private).....	348	3
Germany.....	301	4
Sweden.....	150	5
Russia.....	142	6
Norway.....	135	7
Switzerland.....	130	8
France.....	125	9
Norway (private).....	109	10
Italy (private).....	73	11
Japan.....	69	12
Italy.....	62	13
United States (1912, Bell).....	48	14
Belgium.....	44	15
Austria.....	37	16
Hungary.....	34	17

¹ But see note 14.

Mr. Chairman, it is apparent, of course, that our telephone rates fail to satisfy the law of social efficiency.

The truth is that no attempt is made to justify these rates on the grounds of social efficiency. This is frankly declared by the managers of the Western Union and Bell telephone system. I quote from the report of the Bell system for 1911:

Instantaneous and immediate transmission of communications is as yet a convenience or luxury, although under modern methods of business and commerce it is an economical alternative to the cheaper mail service in business operations. The use of the telegraph may be a popular convenience, but it is not a necessity and is still confined to the comparatively few, and for that reason should be at the cost of the few that find benefit and profit in that use.

This is bold language. We are virtually told that of the three great agencies of communication only one, the letter post, may be used by all the people, and that the other two, the phone and the telegraph, are conveniences or luxuries, not popular necessities, and for that reason should be at the cost of the few; that is, of the business office and the rich, to which class largely the present rates confine the service. But this is not a justification. It is a confession. These tariffs are endured because the service is known only to those in easy circumstances, who overlook the rates in the glamour of the marvelous character of the process of communication.

I should utter a caution against the spirit of prejudice likely to be elicited by the great disparity shown in the rates under postal and private financing. The gentlemen who are exploiting this service for profit as their private property have, doubtless, decided correctly that the American rates yield the very maximum of profit. This is what people do in the conduct of a hotel, I suggest. True, this is what we all should do if we could; it is the normal rule of private financing. But competition plays its part where monopoly is inadmissible and protects us from ourselves. So we do not blame the individual. He is obeying the laws of his nature. But the Government, without whose incidental approval or protection such a monopoly could not exist—is it to be held blameless for abandoning its functions and submitting its citizens to exactions which are the scandal of public-service rates the world over, and with which only our former express rates can justly be compared?

ADMINISTRATIVE EFFICIENCY.

Let us look now into the question of the operative efficiency of the privately financed telephone as compared with its public and postal management in other countries:

Telephone and postal operative efficiency.¹

Country.	Phone calls per employee per annum.	Rank.	Country.	Postal units per employee per annum. ²	Rank.
Norway (postal).....	³ 118,500	1	Belgium.....	85,819	1
Russia (postal).....	113,315	2	United States.....	60,651	2
United States (ind.).....	111,014	3	Luxemburg.....	40,321	3
Netherlands (municipal).....	106,637	4	Denmark.....	38,930	4
Denmark (private).....	92,323	5	Switzerland.....	37,562	5
Belgium (postal).....	79,265	6	Germany.....	37,236	6
Sweden (postal).....	78,439	7	Sweden.....	35,837	7
Netherlands (private).....	73,138	8	France.....	36,697	8
Bell (United States).....	65,265	9	Norway.....	32,414	9
Norway (private).....	58,686	10	Austria.....	30,528	10
France (postal).....	38,939	11	Hungary.....	23,025	11
Switzerland (postal).....	37,665	12	Japan.....	21,820	12

¹ 1912, see note 1. ² Data of 1910, see note 3. ³ Includes local service and personnel.

Thus judged in terms of the amount of product per employee, or the degree of institutional functioning per employee, the Bell system ranks but ninth among the 12 telephone institutions for which the data permit comparison, while 5 public and 3 private institutions excel it, according to the same standards.

In the column for phone efficiency the long-distance or interurban call is included and rated as equal to four local calls in its demands upon the personnel. The column for postal efficiency is inserted to show the performance of the postal personnel. For this purpose the postal-service unit is treated as the average mail piece and the telegram as equal in service to 10 mail pieces, while the local call is rated as equal to one-half mail piece, or unit, and the interurban as equal to 2 mail pieces. All kinds of employees of the telephone and post are included in the statement. While these service valuations are only assumptions, it is believed that they are approximately accurate, and certainly in no case unfair to the phone service, as may be seen in the cases of Norway, Russia, and the independent companies of the United States, where the phone performances per employee reach as high as 118,500, 113,315, and 111,014, respectively. It appears that the American postal system ranks second among 12 countries on the mail piece, while the Bell Co. on the phone ranks but ninth, among 12 telephone institutions, in institutional efficiency, or product per employee.

Now, what is the cause of this disparity? An inferior American personnel? No; the record of the American postal personnel answers that charge. What, then, is it? My explanation is that it is the deterrent influence of high rates on the amount of the traffic and consequent plant utilization. Obviously the amount of traffic will depend on the rate. If it should cost me but a cent a call, I will use the phone freely; if it cost me a nickel, I should probably restrict my calls. So, too, not only may the message rate be so high as to discourage the degree of use of the phone (see discussion of regulation for exemplification of this fact), but the rate for phone subscription may keep the phone out entirely. In short, to a vast majority of the people the degree of utilization depends on the cost, and these as subscribers will spend less at the higher rate than they will at the lower. The low performance, therefore, represents the unutilized time of the employees and wires caused by rates, which to that extent are prohibitive of potential utilization; the plant is subjected to low service performance, while the same cause operates to deny society its use. This statement is susceptible of illustration in the experience of American telephone administration. As we have seen, the Bell average charge in 1912 was 1.86 cents per call, while that of the independents was 0.88 cent, or about half.

We reach the same conclusion for the telephone that we had reached for the telegraph. Private financing fails to secure either the maximum of social service or the maximum of plant utilization. Its rule condemns the agency to a half marketing of its potential yield. Society under its rule must sacrifice half or more of the utility of this great agency of public communication. Suppose the farmer should organize into a monopoly, restraining the marketing of half his wheat production, half the normal yield, on the theory that the half crop would produce the same revenue as the whole. Will the defender of half service and double pay reply that the cases are different; that the "instantaneous and immediate transmission of communications is as yet a convenience or luxury, confined to the comparatively few, and for that reason should be at the cost of the few that find benefit or profit in that use"? It remains to be seen whether this ambitious rival of the postal function, like the express companies, can defy the public for 40 years.

ADEQUACY OF ORGANIZATION.

Mr. Chairman, in treating of the telegraph I presented the elements laid down by the political economists as necessary in the working organization of a monopoly, in order that its service be rendered at the lowest cost, and that society should realize the possible benefits of a monopoly in the class of enterprises for which that form of capital and labor is economically and socially adapted. But it may not be amiss to restate them here for application to our telephone agencies. The elements are stated to be:

- Unity and exclusiveness of organization.
- Details of management well worked out.
- Facility for extension by mere duplication of existing structure.
- A social demand for the service which is widespread and constant.
- Adequate ability in authority.

RESULTS.

- Service at less cost than if broken into groups, because—
- Assured demands for service admit of closest calculations.

(h) Extent of demand admits of most minute division of labor.

(i) Absence of rivalry reduces to a minimum the amount of capital and other expenditures necessary for the performance of the service.

(j) Speculative management is eliminated.

(k) And thus with a public-service motive,

(l) The maximum of cheapness and efficiency is rendered possible.

Mr. Chairman, it is, of course, not a matter of criticism that the telephone monopoly, like the telegraph, is lacking in a main essential—the public-service motive. In a privately financed organization such a motive is against nature and should not be asked. With the other elements, while it may be painstaking, it may be instructive to deal.

UNITY OF ORGANIZATION.

Exclusiveness of organization is, of course, denied to the Bell Co. where a rival service has found location. But to what extent does it possess unity of organization even within itself? There is likely to be a great deal of misapprehension on this point, and unity of administration may be erroneously inferred to exist merely from the fact of the concentrative power to control the making of rates. Thus the Mackay and the Bell companies have agreed on rates, just as the fire insurance companies have done. But in neither of these instances is it claimed that unity of management or organization has been attained. The perfection of unity and of exclusiveness—except as to the express service—is, of course, found in the postal organization. In which class will the Bell system be assigned? I think it clear that it can be assigned in neither; that it is not an organization in the organic sense, but an amalgamation for which the most appropriate word of description is that used by its officers, namely, the “associated companies.” But an “amalgamation” or a system does not imply the reduction of methods to the ultimatum of simplicity, or the number of processes to the feasible minimum. If the structure of each company amalgamated, with its distinct officialdom and accounting institutions, is preserved, as would appear to be necessary with a distinct legal proprietorship for each, then, while the methods of a holding company with a majority of stock may give the power over rates and appointment of officials for the constituent company, this mode may be far from reducing to a minimum either the personnel or the interproprietary transactions.

It is this method of controlling rather than of assimilating the different exchanges which characterizes the Bell system; in fact, the expression employed is “the associated companies.” Thus, speaking of them, Mr. Vail says: “The organization as constituted will be flexible enough to enable any rearrangement to be made of the whole or any part, in any way which may be found necessary or advantageous from reasons of policy or from business or legal reasons without affecting business.” The aim has evidently been to so articulate the different exchanges that they can be used for a common purpose and yet so preserve the autonomous elements in each to meet any business or legal situation that may arise—the enforcement of the antitrust laws, for example. Such conditions preclude simplicity and singleness of process, the concomitants of economy and efficiency attained by the institution possessing unity and exclusiveness of organization. That the Bell system is not organized to realize the maximum economies of a single organization is seen in the comparison of its operating costs per message as compared with the independents on a preceding page. Equating the employees into work done, we have:

	One employee serves—		
	Phones.	Miles of pole line.	Miles of wire.
Bell system.....	36	2.5	107
Independents.....	54	7.7	94

GENERAL CONCLUSIONS.

Sir, it appears that, despite our high price and wage levels in the United States, we take first place as to postal rates; but our standing on the electrical communication is as follows:

RANK OF THE UNITED STATES.

In telegraph rates, among 18 countries, eighteenth.
Bell system local phone rates, among 31 telephone systems, twenty-ninth.

In long-distance rates, among 15 countries, fifteenth.
Mr. Chairman, let me explain the significance of these conditions. Recurring to the analysis of industries placing meras Class II, because of its law of diminishing returns; and such

industries as the post, the express service, and the telegraph and telephones in Class III, under the law of increasing returns: The first two classes belong to the realm of competition, and therefore to private financing, while the third class—the public-service monopolies—belong to the domain of public financing. Now, what do we find? That in the United States Classes I and II—the store and farm, privately financed, according to their natures, and acting under circumstances of struggle and competition—are unquestionably among the most economically conducted of their kind among nations. That our Postal Service, publicly financed, in spite of our high price levels, is giving rates the lowest prevalent in the world, and possesses the very highest working efficiency; while the two examples of the third class—the telegraph and telephone monopolies, like the express companies, subjected unnaturally to the rule of private financing—rank among the very lowest in working efficiency and among the highest in the rates exacted from the public.

I think it apparent from all these comparative experiences that the doctrine of laissez faire is clearly inapplicable to the telegraph and the telephone; i. e., that these public agencies of communication do not belong legitimately to the field of the rule of private financing. I quote Prof. Adams again:

In taking the position here assumed it need not be implied that one is arguing either for or against State socialism, but merely that the doctrine of laissez faire does not permit society to realize in any adequate degree the benefits of organization in the form of monopoly. This is true for several reasons, but especially because there are many industries which from their nature are monopolies and can not therefore be safely consigned to the guidance of the rule of private financing. It is certainly absurd to say that a business superior to the regulating influence of competition, conducted according to the principle that the highest possible price should be demanded for services rendered, can be managed in a spirit of fairness to the public. Such a business ought to be made to conform to the rule of public financing, but the common prejudice aroused by the teachings and superficial application of laissez faire renders this difficult of accomplishment. “In some countries,” says Mr. Mill, “the desire of the people is not for being tyrannized over, but in others it is for an equal chance to everybody to tyrannize.” So long as public opinion refuses to enter upon a candid analysis of the nature of industries for the purpose of discovering which of them may be safely consigned to the guidance of competition, large numbers of private monopolies will be maintained. If men persist in thinking themselves free because the law grants them an equal chance with their fellow men to become monopolies, the great majority will pass their lives in that state which even conservative writers call commercial dependence. Bastiat is right when he speaks of the interest of the consumer as identical with the “social interest,” in so far as this question of monopolies is concerned, for it is only when we regard the problem from the point of view attained by considering the collective interest of society that we can secure a just appreciation of the relation of government to business activity.

To what conclusion does all this lead? Plainly, I suggest, to the conclusion that we are violating the laws of sound public economics. Plainly, I suggest again, that we have violated the laws of economic science in allowing to the functionaries of private finance those things which were not theirs. There is a law of private finance; there is a law of public finance. Each has its subjects upon which, properly confined, each will normally operate for the maximum of human service. We are ignoring one of these laws by yielding to the private financier a postal duty. Let him rule in his own field restrained by the laws of competitive industry, he will prove a social servitor and a blessing. But continue him in the field of public finance where his instincts of profit making can only be misapplied, and those unwelcome results follow which would be expected to follow if public finance were applied to store and farm, namely, high prices and the lowest social and operative efficiency.

COMPETITION.

Mr. Chairman, with regard to this method as a corrective agency, I can not do better than quote from the work of Prof. Holcombe, one of the Harvard economic studies, entitled “Public Ownership of Telephones on the Continent of Europe.” After stating the theory of competition in relation to prices generally, he speaks of the telephone service:

The difficulty with the theory of competitive rates in the telephone business is that the liberty of choice between rival undertakings is illusory. No two competing systems can offer the same range of communication. The subscribers to one system will have no means of conversing with those to the other. Consequently the prospective subscriber is not free to compare the price levels and conditions of service of the rival undertakings. He is compelled to join that system to which are already connected those persons with whom he most desires to converse.

Moreover, unless he is so fortunate as to find all those persons with whom he desires to converse connected to the same system, he can not choose between rival services without being thereby deprived of the possibility of effecting a certain proportion of the communications which he would like to carry on by means of the telephone. The utility of the telephone lies in its marvelous power of transmitting the spoken word and reproducing it at a distance. The greater the number of persons who are enabled to converse with one another, regardless of intervening space, by means of a telephone system the greater is the utility of the system. The most useful telephone system would be one which, like the Postal Service, reaches everybody. Whatever excludes a portion of the community from participating in the benefits of a tele-

phone system impairs by so much its usefulness. Now, a competitive undertaking does just that. The subscribers to each undertaking are debarred from carrying on telephonic conversations with the subscribers to the other undertaking. If there are several competing systems, the impairment of the usefulness of the service is correspondingly greater. If there were as many sellers of telephone service as buyers, and all were determined to remain in the business, the telephone would have no usefulness at all.

Since the policy of free competition offers no adequate assurance of reasonable rates for telephone service, the question at once arises, How shall they be determined? The only alternative to competition is monopoly of some sort. The forces of demand and supply will operate under a régime of monopoly, as under one of free competition, but the results will not be the same. In the latter case the interests of the monopolist will ordinarily lead him to fix his rates at a level which is intended to yield him the maximum of profit. Having adopted a tentative schedule of rates, he carefully observes the extent of the demand for his services at those rates and readjusts them, if need be, until the actual sale of his services verifies his calculations. His purpose always is to make as large as possible the surplus that remains after deducting from his gross receipts all the expenses of rendering the service. Consequently, under a régime of unregulated private monopoly rates are certain to be exorbitant.

In the telephone business, to this disadvantage, from the viewpoint of the community of monopolies in general, must be added a further special disadvantage. Not only is there no protection against exorbitant rates, but also there is no security that the distribution of the total charges between the different classes of telephone users will be made on a basis calculated to promote the widest utility of the service, such as it is. For the criterion of a sound monopolistic rate policy is not the greatest utility of the service but the greatest profit of the monopolist. Unfortunately the two do not coincide. There will, for example, be no incentive to extend the service to wider circles of users unless such an extension will increase the gross receipts more than it will increase the operating expenses. The enhanced profits, therefore, which the monopolist will obtain from those users whose demand for the service is least elastic will not be put into extensions for the benefit of those whose demand is more elastic and to whom, consequently, a small reduction in price would mean a great increase in satisfaction. Monopoly rates will not enable the community at large to derive from the telephone service the maximum of satisfaction. Therefore they are not reasonable rates.

Two courses are open to the public authorities in order to protect the interests of the community at large. They may intrust the management of the monopoly to a private monopolist, who will be expected to adopt a policy of unreasonable rates. They may then attempt to set a limit to his unreasonableness by prescribing in advance the highest rates that he may lawfully charge. They may even provide for later reductions of rates when profits shall exceed a certain amount. Finally, they may secure a certain measure of compensation to the community for the distress caused by the unreasonableness of the rates, such as they may be, by stipulating for a share of the monopoly profits.

The alternative is for the public authorities themselves to administer the monopoly, and thus preserve in their own hands complete power to take whatever steps they may deem expedient in order to secure to the community the enjoyment of reasonable telephone rates.

His final conclusions, after a complete survey of the Continent, are:

In the telephone business competition is a failure. Considered as an automatic arrangement for maintaining an accurate adjustment of the supply of telephone facilities to the demand, it easily gets out of order. So long as it remains in order its effect is to diminish the utility of the service to render which telephone facilities are created. For a while it is capable of bringing about low rates and stimulating a rapid development. Sooner or later, however, the self-interest of the competitors or the disillusionment of the public authorities will cause the termination of competition and the substitution of a régime of monopoly. This has been the result everywhere in Europe where competition has once existed, except in Stockholm, and in Stockholm the bankruptcy of the private company or the purchase of its business by the Government is only a matter of time. Competition as a permanent status in the telephone business is neither desirable nor possible.

REGULATION.

Mr. Chairman, there are many things to be predicated of regulation, of course, and I shall make no attempt to cover them all. Among them, however, are some effects that are certain. A régime of regulation will—

- (a) Eliminate competition.
- (b) Strongly tend to crystallize the rates and, with them, local discriminations.
- (c) Remove personal discriminations.
- (d) Limit extension to places of sufficiently high profit to attract private finance.
- (e) Thus defeat the attainment of the maximum extension of social service.

The first three propositions are exemplified in our railway history of the last 10 years and in that of England for 20 years. The progressive decline in average rates, which began with the introduction of the railway, continued in both countries to the time when the State exerted its power and converted the unstable rates into legal rules. In neither England nor here has the average rate fallen substantially since. I say such rates, including any local discriminations, crystallize under regulation fixing them as rules of the State. The shipping interests, unable to set one railway underbidding the other, urge reductions upon the regulating power, only to be met by the proprietary defenses of the railway owners. And they, when trying to secure rate increases, are met by the defenses of the shipping interests. The antagonistic forces are so nearly equal that, impeded by the complexity of the subject matter and the inertia of court procedure, they meet only in an impasse, with a triumph usually in favor of the status quo.

But there is a more profound reason for the impasse thus reached and the practical inability to reduce rates under regulation. It is the instinct of respect for private property so highly developed in modern civilization. The stockholders earnestly defend their right to the profits their capital and enterprise have created; the effect of reducing the rates renders so uncertain what the rate of profit may be; moreover, its reduction affects not merely the dividend they are to receive but the commercial value of their capital itself, a reduction of from 12 to 6 per cent, cutting such value in two for purposes of sale; all these deterrents, with the ability of the conductor of the enterprise to suppress or disguise those inner facts of his business, of which he alone has intimate and real knowledge, usually leave but one safe recourse for the regulating tribunal, and that is to heed the inevitable doubt in the proprietor's favor. Count von Bismarck has summarized the weakness of the regulating theory as follows:

The attempts to bring about reform by laws have shown the futility of hoping for a satisfactory improvement through legal measures, without trenching materially on established rights and interests.

State ownership is necessary to attain unity and economy under conditions in harmony with the public welfare and to secure direct attention to public interests which do not permanently find sufficient furtherance and protection in the hands of private corporations whose object is gain. The inadequacy of private management and State supervision becomes daily more obvious.

Mr. Chairman, efficacy has never been claimed for regulation as a method for obtaining the maximum social service. Take the case of the Bell Co. controlling the Chicago & Milwaukee Telegraph Co., which raised its rates per telegram from 15 to 25 cents, abridging its former social service nearly 50 per cent. Contrast this with the British post office in 1885 reducing its rate from 24 cents to 12 cents and increasing the number of messages about 60 per cent. In the former case there was an increase, perhaps a justifiable increase, of profits to the private owners; in the latter there was a slight loss in the revenues, but a tremendous gain in public service rendered. It comes back, then, to the fundamental principle involved in the rule of private financiering. Regulation is helpless to invest the private investor with a public-service motive; and without that motive, not the maximum social service, but naturally enough for the investor, the maximum return on his investment, is the rational rule of conduct.

Conservative students of the telephone subject do not propose or consider regulation as a means to attaining the maximum of utilization in this service. I shall quote again from the work of Prof. Holcombe on this subject. He says:

The great advantage of the ownership of business undertakings by the community lies in the power that goes with possession. While the ownership of business of general public importance remains in private hands there is no protection for the ordinary economic interests of consumers except by free competition or by public regulation. In the telephone business the former is neither desirable nor possible. The latter may be obtained in only two ways: (1) By special contract between the private owners and the public authorities; (2) by direct legislative action, subject to appeal to the courts for the protection of individual rights. Under either method of public regulation the antagonism of interest between the private monopolist and the consumer may be subdued but is never removed. It was in order to possess complete control over the management of the telephone business that the Governments of Europe adopted the policy of public ownership. By retaining complete control in their own hands those Governments have had the opportunity to adopt methods for the establishment of rates and the maintenance of service that would have been impossible under any form of private ownership. In a business such as the telephone, the best security for the establishment of reasonable rates is to give those who are to pay the rates a voice in their making, and the best security for the accurate adjustment of the supply of telephone facilities to the demand is to give to those who are to use the facilities a share of the responsibility for their creation.

But once it is recognized that in a particular industry the hypothetical alternative of free competition is an illusion it becomes evident that the community's saving by the assumption of the risks of the enterprise is not a mere recompense for the sacrifice of a more rapid rate of industrial progress, but a clear gain. For under the actual alternative to public ownership in such an industry, namely, a regulated private monopoly, there is no greater security for sound industrial progress than under public ownership, and it is certain that at least a portion of the advantages of industrial progress will be appropriated by the monopolist solely by virtue of the fact that he is a monopolist. The great merit of public ownership, therefore, as an agent of production is that under the proper industrial conditions it fulfills more economically than any other method of industrial organization the direct purpose of production; that is, the supply of the consumer with the kind and quantity of goods that he desires.

The telephone industry can only attain its highest utility when managed as an exclusive monopoly in a given territory. The market for telephone service comprises the whole body of individuals in the territory covered by a connected telephone system and in practice can be limited for administrative purposes without great inconvenience by the political boundaries of a country. Hence, when owned by the Government, owner and consumer are identical. Furthermore, the mechanical nature of the service and the stability of the demand for the service make possible accurate prediction of the demand by statistical methods. In those industries in which these conditions are present the policy of public ownership is best fitted to enable the community to avoid both the periodical overproduction of free competition and the perpetual underproduction of private monopoly.

REGULATION APPLIED.

An illustration may be given of the futility of expecting postal rates through the medium of regulation. The following data are taken from the opinion of such a public-service commission, dated December 30, 1911, and relate to a city of approximately 600,000 population:

Number of phones.....	43,000
Value of property.....	\$5,665,729
Number of messages.....	42,701,000
For the year the operating revenue was.....	\$1,507,550.56
While the operating expenses were.....	645,960.83
So that the net operating revenue was.....	861,589.73
Deducting these charges:	
Rentals.....	\$3,701.82
Taxes, property.....	79,898.72
Taxes, franchise.....	40,754.44
Depreciation (6 per cent).....	337,065.01
	461,419.99
Leaves the net income.....	400,169.74

Which is less than 8 per cent on the amount invested. Considering the nature of the business and the risks to which it is subject, and guided in a measure by the conclusions of the railroad commissioners of Wisconsin and the public-service commission for the first district of New York on the same or a similar question, we are of opinion that 8 per cent is a fair and reasonable return on an investment in telephone property. We also think that for property of this character the allowance for depreciation should be about 6 per cent on an average. In this case, therefore, we are not so much concerned to bring about a reduction in the company's net income as we are to see that the rates which produce that income are fairly and equitably distributed among the users of the telephone service.

Analyzing the above data we get:

Number of messages per capita.....	71
Number for United States.....	156
Number of messages per phone:	
Independents.....	2,013
Bell system.....	1,828
For this city.....	993
	Cents.
Receipt per message, independents.....	0.88
Receipt per message, Bell system.....	1.86
Receipt per message, this city.....	3.53
Expenditures per message:	
Operating cost.....	1.50
Rentals, taxes, depreciation.....	1.08
Profits.....	.95
	3.53

In this city the social charge for the service is four times the average of the independents and nearly twice that of the Bell system. The effect is to reduce the use of the phone, in the number of calls, to about one-half the average for the United States.

In such a case it is clear that the Postmaster General would reason thus: The phone in "A" city is yielding only half the average call service. Its rates are from two to four times the average rates. Less than 20 per cent of the operating expenses—exchange operators—would be increased by a double average of calls per phone, and the item for rentals, taxes, depreciation, and profit would not have to be enlarged. I believe if I reduce the rate 50 per cent the number of calls will double, thus leaving my gross income unchanged. My exchange-operator item may double—from \$125,000 to \$250,000—and the manual exchange added to one-half, a gain in expense of \$143,000 (19). But as I have interest charges at 3 per cent only to meet—\$170,000—and my net income is \$400,000, I can afford to take the chance on the traffic doubling, going up to normal, if the rates are reduced by 50 per cent.

This is indeed just what the postal motive did with the parcel rates. And thinking men will justify the Postal Department in acting on such principles. That is, they would approve the Postmaster General in taking a necessary experimental chance on the net income if the facts rendered probable a doubling of the public service.

But what would a regulating tribunal do in such a case? Would it take such a chance? Would it have a right to take such a chance and cut the net returns down from 8 per cent, the rental value of private capital, to 3 per cent?

Obviously it could do nothing of the kind, because it would be wrong to take the chance of reducing the return to private capital below its fair rental value, which in this case the commission held to be 8 per cent.

Let us see what would happen if the regulating tribunal should order the normalizing of these rates. It is assumed that if the rates were cut in half the service would double. Thus the receipts would not be changed. But the exchange-operator item would double, that is, advance \$125,000. To this must be added, say, 8 per cent on the cost of adapting the exchange or switchboard to handling twice the number of calls, say, \$600,000, making an increase of expense amounting to \$173,000. Deduct

this from the \$400,000 of net receipts and you have but 4 per cent left to pay charges on capital. This would be ample for the Postmaster General, but only half the amount necessary to secure private capital. In this case, which is fairly representative of the larger cities of the country, it is apparent that whether the telephone capital has to pay 4 per cent or 8 per cent determines whether the rates can be reduced one-half and the service doubled.

But the difficulty for private capital would not end even here. Stockholm and San Francisco each have more than 20 telephones per 100 population. The city whose experience I am giving has about 7 per 100. If the rates were cut in half, might not the number of phones increase; probably double? There would be an effective demand equal to approximately doubling the plant. How should the private financier secure this new capital; on a promise of merely 4 or 5 per cent? A remedial theory must be such as to maintain the vital conditions of the institution to which it is applied; one of the principal conditions of telephone life is new capital. We have seen the regulating theory break down in this very respect as applied to our railways. It would break down even more conspicuously if applied to the telephone agencies of our large cities with the object of securing those popular rates and service extension rationally attainable by the postal system.

From this case it appears, clearly enough, that the law of increasing returns can only be taken advantage of, to its realizable limits, by the public financier operating under a rational public service motive. The Bell system, for example, claims 8 per cent as a proper return. The Public-Service Commission concedes this. There will probably be few, if any, cases where it can be clearly shown that the companies are getting more. And so the program of substantial rate reduction through regulation is shown to be impracticable on its face.

Naturally enough, sir, the managers, for the most part, when confronted by a proposal to postalize, object and point to the alternative of regulation. But this attitude on their part, it is not considered unfair to suggest, is dictated rather by private than by social considerations. Postalization puts an end to their power. Regulation may or may not curtail them in a degree, while the stability of their monopoly is actually augmented by regulation, bringing with it an increment to the value of their securities. In this connection it ought to be remembered that, whatever our hesitation may be on administrative grounds to applying the State principle to all forms of natural monopoly in obedience to the principle that "private monopolies are intolerable," such hesitation need not be felt as to postal subjects given the postal department. It may be confidently asserted that no bank or railroad organization, private or public, has better assurances of administrative efficiency to offer.

OBJECTS OF RELIEF.

Mr. Chairman, having completed the analyses of the economics and the traffic effects of our systems of communication by wire, let us put the direct question, What, if any, are the deficiencies to be corrected? Answering this question just as directly, I wish to say that, while our postal rates are as low as those of other countries, we find that in the United States—

- (a) The telegraph charge averages more than double,
- (b) The local-call phone charge about double,
- (c) The toll and long-distance telephone charge about four times, the rates generally prevailing in the principal countries of the world.

Proceeding on the assumption that our postal system can do as well for the wire forms of communication as it does for the letter—that is, can handle the wire messages as cheaply, compared with these countries, as it does the letter—it is suggested that these forms of communication should be postalized; that is, the postal agency should be permitted to conduct these communications in order to normalize the rates and extend the service to the great body of the people.

Proceeding, again, on the further assumption that the abnormal rates operate to abridge the total service rendered in the same percentage that the rates are excessive—a moderate statement, I think—then the Nation has short-work claims on such services, as follows:

- (a) The telegraph: Number of messages, 175,000,000.
 - (b) Local phone service: Number of messages, 7,500,000,000.
 - (c) Toll and long distance: Number of messages, 300,000,000.
- That a twice normal rate will inhibit at least half the traffic, or, stated in the reverse way, that cutting the rates in half will double the traffic in a service for which, like these, there is a universal and constant demand, is an assumption sustained by postal experience with the telegram, with the letter, and now with the postal-express parcel, not to speak of definite experiences with the passenger traffic.

The difference between the potential traffic and the traffic which will actually move under abnormal rates is aptly illustrated by the parcel post. In 1909 the total number of shipments by express was found to be 300,000,000, in round numbers. In the year ending July 1, 1914, the express receipts indicated a traffic of 317,758,118 parcels. The postal-express traffic at present, as indicated by the count taken in October, is 300,000,000. (Includes only parcels of 1 pound and up, as indicated by the count in October, 1914.) The following table presents the effect of the postal-express service in saving potential traffic that was "killed" by the express rates:

Express shipments, 1913	337,761,846
Express shipments, 1914	317,758,118
Postal-express shipments, 1914	300,000,000
Total	617,758,118

Thus, one-half of the potential traffic was sacrificed by the express rates, only to be saved by the postal agency after 40 years of denial to the public of an institution they were as much entitled to as the Postal System itself. In brief the Nation has been denied the right to ship half its small-shipment traffic merely because a private agency that could not make rates to move the whole traffic has insisted upon a private discharge of a public function.

The doubling, or more probably the expected quadrupling, of the number of electrical communications is not predicated merely on the demands of present patrons, for the effect of prohibitive rates is not merely to reduce the number of calls by present subscribers, but to seriously reduce the number of subscribers themselves.

The Bell phone shows 1,795 calls per annum, against 2,055 calls for the independents, and yet the Bell phone is largely a business phone, where the user should hesitate less about the cost of the message than the user of a residence phone concerned only with the nonrevenue-producing affairs of the home.

It is interesting to compare the telephone development in residence phones under high and low rates. We may take Washington, D. C., and Cumberland, Md., my home town, as examples: In Cumberland the minimum annual residence rate (unlimited) is \$18; the population (1910), 21,839; and the number of residence subscribers, 2,736, which equals 125 phones to each 1,000 persons. In Washington, D. C., the minimum rate for residence is \$48 unlimited service, and the measured \$30, limited to one call a day. The population for 1910 was 331,069, and the number of residence phones 27,676, or 83 phones to each 1,000 persons, a difference in favor of the lower Cumberland rate of 46 per cent. And yet it is probably true that Washington, with its greater social wealth, would rank much higher in phones per capita than Cumberland, under the influence of the lower rate (21).

It is true that the rate renders the telegram merely an incident to some calamity, like death, and so forth, for the working classes. But the use of the telephone, which is an hourly convenience if not a necessity, is at present confined to a small percentage of the homes of the country. The proportion of telephones is 1 to each 11 persons. If the number of office or business phones be deducted from this proportion, it is indeed doubtful whether more than 1 family in 6 enjoy this convenience.

Now, the Postal object is not merely to confer equal privileges in form, but to effectuate equality in practice. It, therefore, so organizes its service and formulates its rates as to remove any economic barriers to their use. The poor man, the very poor man, can actually utilize any form of the Postal Service. Its rates are adapted to his means. Mr. Vail, president of the Western Union Telegraph Co., declares:

There is a road to every man's door; there should be a telephone to every man's house.

The parallel is indisputable, but its complementary fact should also be noted. It was society, and not any privately financed monopoly, that built these roads. He also adds, apologetically for the Bell, that the system must be—

Under common control . . . it must be sufficiently strong to constitute practically one system, intercommunicating, interdependent, universal.

Now, is this possible in the United States? Sir, I feel justified in saying that it is possible here, if nowhere else, on account of our higher wage levels; and the Swiss tariff system, I submit, affords demonstration of this statement. But of this the point fundamental—indeed, the whole objective of the discussion, the supportive facts—must be developed later.

METHOD OF RELIEF.

THE TELEGRAPH AND TELEPHONE SERVICES INTERDEPENDENT.

Mr. Chairman, these two methods of communication are economically and operatively so interrelated and so identical in characteristics that the only difference which now suggests

itself is that the communication in one case is addressed to the eye and in the other to the ear. The mechanism, the wire, and the active principle—electricity—are the same for both; moreover, it is a fact at present that the same telephone wire may be and actually is simultaneously engaged in conveying both the forms of communication, especially for longer distances, where the telegram formerly was the more efficacious. Coupled with this fact that every telephone wire is in fact or potentially a telegraph wire is the circumstance of conclusive economic importance. Since the telephone wires permit the discharge of the double function without interference one with the other, the duplication of the physical agencies will involve a doubling of the expenses of each service—except for the points of large telegraphic traffic, where the skilled telegrapher will be needed as a supplement to the exchange personnel. I shall leave to Mr. Theodore N. Vail, president alike of the Western Union and the Bell telephone system, the task of completing this statement. I quote from the report of the Western Union for 1912:

There are estimated to be less than about 5,750,000 rural habitations in this country. The Bell system has over 3,200,000 rural telephone stations; that is, more than half the rural habitations are connected by exchange wires with central offices of rural centers and these central offices, by means of branch telephone lines, with and form a part of the Bell telephone system. These branch lines extend to substantially every rural center. They are not used to nearly their capacity. The lines and the operating staff have to be maintained for one purpose. Under a joint working between the telegraph and telephone, these facilities, both plant and operating, could be utilized without appreciable extra cost for telephoning the occasional telegraph message. In this way a telegraph service could be given to practically every center of population in the country and by means of the rural telephones made to reach nearly every habitation.

If the public desire, as they do, not only improved facilities but additional methods of intercommunication, and eventually cheaper rates, these benefits can only be obtained through a combined use of plant, and to bring about such a combination, not only the purpose but the reasons must be understood, and if it results in a broad combined system extending over the whole country, such a system is inherent to the object to be accomplished and it can not be accomplished in any other way.

It is an axiom that the cost of operating and the cost of construction and maintenance of plant facilities must be borne by the service. If, then, plant facilities are only partially utilized the cost of service is greater and so must be the charges. If additional use of facilities is made, then the cost of service is less and the charges can be reduced.

If the public insist upon a duplication of plant for each kind of service, then the cost of these plants must be borne by the service and the public must pay the cost. If you hire two carriages to carry two loads that one would carry as well, the two carriages must be paid for. No individual or corporation can be expected to, nor can they be required to, provide a permanent service to the public at less than cost and a fair profit. Waste of facilities and waste of duplication come out of the public, either through the additional cost of service which must be maintained or through the loss of the investment made on the facilities which were unnecessary.

In a like report for the Bell Telephone system in 1911, Mr. Vail illustrates the complementary character of the two services with a chart.

And then he makes the following observations as to the operative and economic advantages of their unification of ownership and management:

The joint use of such lines and operatives would be a source of economy. At busy offices and on busy circuits, the circuits could be "composed" for the simultaneous use for telegraph and telephone purposes. Each service would require its distinct operating force and its distinct offices, as the services rendered by the telegraph and the telephone are functionally and fundamentally different, although both use wire circuits. The telephone makes up a circuit and places it at the use of the customers, who do the communicating, i. e., it leases its circuits to others for personal communication. The telegraph, by its own operators, performs all the services of collecting, transmitting, and delivering messages, i. e., it transmits over its circuits, for others, personal communications.

The greatest economy and advantage would come from the "compositing" or simultaneous use of one system of circuits for the two services, eliminating entirely one of the wire systems. The advance in the state of the art of "compositing" lines for joint use of the telephone and telegraph has been very marked in the very recent past.

The accompanying diagram [not printed] illustrates a small section each of the telephone and telegraph system. It is self-explanatory.

The diagram shows that the existing wire mileage of the present telephone toll circuits and telegraph plants, brought up to standard construction with some provision for deficiencies or extensions, if "composed" or used jointly, would for all practical purposes be the equivalent of two plants, each of the same mileage, one for telephone and one for telegraph; or, to put it another way, the wire mileage necessary to give the same service need be about half the combined wire mileage of the two systems separately operated, as now.

The annual gross revenue from either a telephone or a telegraph system should be approximately 33 per cent of the total cost of or the investment in plant. If in two systems of equal size one plant were eliminated and both services were performed over the other, the percentage of joint revenue to plant would be substantially doubled, or 65 per cent. To put it in another way: The maintenance of a wire plant costs about 30 per cent of the annual gross revenue from that plant. The simultaneous use of a plant for both purposes would mean maintenance of one wire system against the doubled revenue from both services, or a decrease in maintenance alone of about 15 per cent of the gross revenue. In addition to these savings there would be the savings of the capital charges and of taxes on plant, which would be made unnecessary. This brings within the realm of possibility a reduction of

from 20 per cent to 25 per cent in the gross charges or gross revenue without affecting the profits of the business.

In order to avoid confusion, it must be distinctly borne in mind that the telephone service referred to here is the toll or long-distance service and not the circuits of the exchange service, which could not be used for any other purpose. This toll or long-distance service is so intimately interwoven and interdependent both in operation and use with the telephone-exchange service that it could not be separated, but the operation of the toll circuits in connection with the exchange circuits would not interfere with their use for telegraph purposes by a regularly organized telegraph staff.

These are the possibilities, fraught with all sorts of advantage to the public.

Mr. Chairman, I think it sufficiently obvious that the telegraph and telephone are not two services, but really one service; as, indeed, they represent besides but one function, the function of intercommunication. Accordingly, it may be that they will require the application of but one policy and method of treatment.

We have seen that our problem is threefold, viz, the extension of postal relief to the three forms of electrical communication—the local call, the long-distance conversation, and the telegram—which I name in the priority of their importance. It appears that the postalization of but one agency, the telephonic network, may be effective for all these forms of relief. But let us look more carefully into this important matter by reviewing the subject in its constructive relations.

RECONSTRUCTION.

Mr. Chairman, having concluded that on both economic and social grounds these agencies of communication require public or, more exactly speaking, postal financing, it is now in order to consider the subject in its constructive aspects.

The postal method: The examples of nearly all the principal countries point in but one direction as to the agency which should be employed. It is the postal. Its truly wonderful genius for doing little services cheaply and well is now winning for it the express function in the United States, and in the following countries has added the telephone and the telegraph to the mail piece:

LIST OF COUNTRIES OWNING BOTH TELEGRAPH AND TELEPHONE. POSTAL TELEGRAPH AND TELEPHONE COUNTRIES OWNING TELEGRAPHS ONLY.

Australia, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, New Caledonia, Dahomey, Denmark (at least part—state, private, and municipal), Egypt (part), Formosa, France, Tunis, Germany, Switzerland, Great Britain, Sweden (greater part), Greece, South Africa (Union of), French Guinea, Serbia, Hungary, Roumania, India (British—state and private), India (Dutch—state and private), French Indo-China (Government), Italy (state and private), Norway (greater part), Japan (including Korea), New Zealand, Luxemburg, the Netherlands (state, municipal, and private), Russia (state and private), Siam (state and private).	Abyssinia (Ethiopia), Alaska, Argentina, Bolivia (not all), Brazil, Chile (nearly all), Colombia, Costa Rica, Cuba, Mexico, Montenegro, Paraguay, Persia, Peru, Portugal, Spain, Turkey, Uruguay.
--	---

Mr. Chairman, all the civilized—yes, almost all the uncivilized—countries have postalized the electrical message, and it will be observed that Spain and Brazil only among the greater countries join the United States in licensing out the telephone agencies of communication to private parties. England naturally has been the last to yield, but since January 1, 1912, even she has assumed the entire postal function of conveying intelligence by taking over the Bell service. Some of the Provinces in Canada took the step a few years ago, so that our situation is now so exceptional as to be actually noteworthy. The causes for our condition are not different from those which for 40 years denied us the parcel post, namely, the "tory" and the "system" largely consequent upon the private financing of these natural monopolies.

THE POSTAL TELEGRAPH AND TELEPHONE STRUCTURES.

Construction de novo of the wire agencies, as a program, is denied us, of course, on the grounds of national economy as well as on sound political consideration. It therefore becomes necessary to compare existing structures and determine their adaptability for economical postal management and the purposes of the desired relief.

There is considerable likeness between the postal and wire mediums, even in their physical methods. If the wire be taken as the path of the electrical communication, the parallel is almost perfect. Both systems are susceptible of classification into units of: (a) Number of offices; (b) number of employees engaged; and (c) miles of routes of communication. Let us see how the two compare in these respects; I say "the two," for they are not three in number. The telegraph and telephone are but one agency, since the same wire—that is, the telephone

wire—now carries the written and the spoken communication at the same time.

Number of offices.	
Postal	64,000
Telegraph, commercial	8,499
Telephone, public exchanges	11,515
Number of employees.	
Postal	290,701
Telegraphs (land)	35,639
Telephone (94,360 women)	183,361
Miles of route.	
Postal, railway and water	436,469
Postal, rural routes	1,021,492
Postal, city carrier routes (estimated at 40 per cent of daily travel of city carriers, which was 375,000 miles)	150,000
	1,607,961
Telephone—toll pole line, exchange pole line (toll and exchange wire, 20,248,326 miles)	671,686
Telegraphs—land pole line (telegraph wire, 1,814,196; excludes 314,329 miles of wire wholly owned and operated by railways for their own business)	247,528
	919,214
Postal receipts (year ending July 1, 1914)	\$287,934,565
Surplus	\$4,376,463
Telegraph receipts	\$56,293,469
Telephone (receipts from telephone companies having an annual income of less than \$5,000 not reported)	\$255,081,234
	\$311,374,703

The extent or spread of these structures has been thus summarized in order to give the student a total glance for preliminary comparison. Each must be subjected later to minute analysis. I wish now merely to observe that the postal organization and structure far exceeds the other agencies. The postal personnel exceeds the wire by 30 per cent; the post routes exceed the duplicated telephone and telegraph pole line by 43 per cent; and the number of post offices—64,022—exceed the commercial wire offices and exchanges by about 220 per cent. In revenue or gross charges, only does the wire communication exceed the popular agency. No one will contend, notwithstanding, that the social service of the wires equals that of the postal system.

Attention is invited to the fact that the pole-line mileage—247,528 miles—of Western Union and Postal Telegraph, and the interurban and long-distance telephone wires triplicate each other to the extent of their pole mileage. If some 50,000 miles of toll or interurban wire of the independents are added to the Bell, we have a long-distance phone mileage of 221,000 miles, identical in extent with the Western Union. Therefore telegraphic communications are feasible over four routes:

First. The Western Union. (The Western Union pole line was 221,000 miles according to its statement.)

Second. The Postal Telegraph Co. (The Postal Telegraph pole line was 67,000 miles; probably largely including the use of telephone wires.)

Third. The Bell and independent toll and long-distance wires, 221,000 miles. (The Bell toll pole line in 1912 was 171,161; the independent is estimated.)

Fourth. Entire telephone network toll and exchange pole line, 671,686 miles.

Mr. Chairman, considered merely from the standpoint of their value in economic use to the postal system, however, the Postal, or Mackay, telegraph lines would have to be rejected because of their insufficient extension. The Post Office would have to more than treble the Mackay mileage to do a general service. The Western Union is not subject to the same objection; it has the extension as a telegraph agency merely. But investigation discloses that only two-fifths of its wire—600,000 miles—is copper, so that three-fifths—900,000 miles—of its system would not be susceptible of satisfactory telephonic use. The third system, the Bell and independent toll or long-distance lines in combination, suffices in extent and mechanical construction for both telegraphic and telephonic objects, being entirely copper and having the requisite range and extent. All of which means that if we wished to give relief merely to telegraph users we might do so by the use of the Western Union. If we wished to extend relief as well to toll and long-distance users, the interurban and long-distance phone system would alone suffice. But if in harmony with other countries we wished to extend relief to users, actual and potential, of all the forms of communication by wire, we could do so completely by the single expedient of utilizing the Bell and independent telephone systems, since the telephonic network is potentially a telegraph network as well.

Recurring to the estimates of communication services now lost to the public by relatively prohibitive wire rates, let us see in what measure these losses could be saved by the different methods of wire acquisition possible. Let the telegraphic service loss equal 14 per cent of the total loss, the toll and long-distance 21 per cent, and the local phone service 65 per cent, in all 100 per cent, then the following gains in service results may be predicated of postal acquisition:

	Per cent.
(a) By taking over the Western Union, 14 per cent on the telegraphic	14
(b) By taking over additionally the Postal, or Mackay, telegraph	00
(c) By acquisition of telephonic, long-distance, and toll lines, 14 per cent on telegraphic and 21 per cent on toll and long-distance service	35
(d) By acquisition of the entire telephone network, 14 per cent on telegraphic service, 21 per cent on toll and long-distance, and 65 per cent on local telephone service	100

The costs of propositions (a) and (b) collectively would be about \$144,000,000 on the basis of their capitalization; of proposition (c), about \$200,000,000; and of proposition (d), about \$1,000,000,000, on the like basis. But let us consider these phases of the subject matter with a little more detail.

COST OF ACQUISITION OF TELEPHONE NETWORK.

The census of 1912 gives the following data as to the finances of the telephone network (telephone companies of less than \$5,000 annual income not included):

Capital stock	\$586,763,879
Funded debt	404,530,236
Mortgages, floating debt, and accounts payable	71,742,634
	1,063,036,749
Cash and current assets	96,618,255
Net liabilities	966,418,494

An item of \$1,081,433,227 is given as "Cost of construction and equipment," but how much of this represents values which have lapsed through use or obsolescence is not stated. The figures in the table represent the following local and long-distance telephone structure:

	1912		
	Total.	Bell system.	All other systems.
Number of systems	1,916	176	1,740
Miles of single wire	19,019,391	15,133,186	3,886,205
Miles of pole line	671,686	353,422	318,264
Number of public exchanges	11,515	5,853	5,662
Number of telephones	7,326,748	5,087,027	2,239,721

It should be noted that the above pole line embraces something over 200,000 miles of toll and long distance, or, better, interurban wires, corresponding to the distribution of the railway network of the country. As already pointed out, it would meet the requirements of a national postal telegraphic system as well as the conversation uses to which it is now put.

The commercial telegraphic network in 1907 reached 6,828 offices and the railway network 22,282. Generally speaking, by far the greater number of railway offices are in towers and otherwise inaccessible, not to say so engrossed with the prior claims of railway messages that the nonrailway public is hardly to be said to secure a real telegraphic service. As opposed to this, the telephone network, through the Bell alone, reaches 70,000 places, and probably nearly 100,000 places as a whole. As against the 6,828 distributing offices of the telegraphic network, the telephonic network possessed in 1907 some 43,819 public and private exchanges—offices from which to dispatch or receive the telegram—and now some 9,000,000 phones through which instantaneous and economical collection and delivery of the message may be had. Another feature possessed by the telephonic network not possessed entirely by the telegraphic is that the former lines are copper, while but 40 per cent of the Western Union and an unknown proportion of the others are of such material. In consequence of this condition the telegraph lines would require almost complete reconstruction in order to be susceptible of telephonic usage. President Vail, of the Western Union, refers to this fact in his report for 1912. He says:

No telegraph company could go into the telephone business without substantially reconstructing its telegraph plant to adapt it for toll or long-distance use, and, in addition, building exchange plants, involving an investment many times that of its telegraph plant.

The two wires which are necessary for one telephone circuit can be multiplying be made into four, six, or eight telegraph circuits and can be used for both telegraph and telephone transmission at the same time.

And, again:

A single telegraphic circuit or wire can not be used for telephonic purposes.

Another circumstance is that the telephonic lines are metallic circuits; that is, have the return wire necessary for the spoken message, while the telegraph lines do not, but rely on the "earth return," which is adequate for the telegram but unsuited for speech, except in uninhabited districts like Alaska, where the interferences of adjacent electrical industries are absent.

The practical effect of these differences is that the telegraphic network is fitted only to carry the telegram, with poorer collection and delivery facilities, while the telephonic network is adapted to carrying the telegram and also the conversation, and has the best collection and delivery facilities.

Stated in a more formal manner:

The telegraphic network will—

- (a) Dispatch the telegram and
- (b) Deliver it at, say, 7,000 places.

The telephonic network will—

- (a) Dispatch the telegram and
- (b) Deliver it, through 50,000 exchanges, at 100,000 places.
- (c) Provide instantaneous and economical delivery through 9,000,000 phones.
- (d) Provide toll conversations.

If, in connection with these patent advantages of the telephonic network, economy in operation is also to be considered, it ought to be observed that in maintaining and personelling the telephonic network for telephonic uses the operating and capital expenses will have been met and discharged for the telegraphic service as well. Except for the employment of telegraph operators at points of high density, and the telegraphic instruments necessary in the telegraphic traffic, no additional expense would be incurred for the telegraph service. Indeed, this element is involved in a triplicate way on the telegraphic lines. To the extent that the Postal Co. duplicates the lines of the Western Union we should in effect be paying two bills of maintenance expense; first, on the Western Union, discharging only the telegraphic function, and then again on the Postal, a mere duplicate of the former. If to this be added the circumstance that the toll telephonic network left in private hands could give a telegraphic service, practically without cost to itself, which, whatever its rates, supplemented by its instantaneous telephonic delivery and collection, would take the most lucrative business from the Postal Telegraph agency, it becomes evident that the proposition to acquire the telegraphic in preference to the telephonic network can reflect only a superficial view, rational 30 years ago, but wholly untenable since the interurban and long-distance telephone wire has been developed. To take over the telegraph wires at this time would for these reasons be only to invite unnecessary failure and, perhaps, postal bankruptcy.

A much more efficacious method of treating the telegraphic problem, if regarded alone, would be to use the interurban and long-distance telephone wires as we now use the railways. The following clause in the form of a bill or attached to the Postal appropriation bill is suggested for the purpose:

(a) The Postmaster General is hereby authorized and directed not later than the 1st day of July, 1915, to establish and conduct, at rates to be determined by him, a system of telegraphic communication by wire or otherwise which, so far as practicable, shall connect with all the points within the United States at which postal facilities may be established. And for this purpose he may use the telephone lines connecting such points, and it shall be the duty of the owners thereof to permit such use of such lines and render such service as may be required by the Postmaster General in the establishment and conduct of such system of electrical communication.

(b) The compensation to be paid the owners for the use of such telephone lines shall, in case of dispute as to the amount thereof, be determined by the Interstate Commerce Commission, which shall consider the gross revenues derived by the owners from such lines, the amount of business done thereon by the Postmaster General, the cost of maintaining the same, a fair return on the investment, and the cost and value of any services rendered by such owners in the postal operation thereof.

(c) The Postmaster General shall have power to make such regulations as may be necessary to carry this section into effect.

The lines would still be used by the private owners for their telephone business and be maintained by them. Thus the expenses of upkeep would be divided probably about equally between the postal and the telephone uses, while the salaries of the operatives could be divided in the proportion that their time might be devoted to the telegraph and telephone functions. At points of dense traffic the postal system would have its own operators and offices. The Interstate Commerce Commission might determine the compensation to be paid the owners in case of dispute. I have no question that under such a system

telegraphic rates as low as any in the world might be obtained and the telegraphic function be made to realize its maximum service to the people of the United States. In his argument against the acquisition of the telephone lines by the Government Mr. Vail, president of the Bell System and at that time president of the Western Union Telegraph Co., in the report of the Bell System for 1913, observes:

The only practicable way for the Post Office to use the telephone lines for telegraphic service would be to lease the telegraph rights, much as the Post Office Department now uses the railroad facilities for the mails. No other separated operation or control of the same wires for telegraph and telephone service would be practicable from either standpoint. The interurban toll lines and the exchange trunk lines and their equipments are necessarily so interwoven and used so interchangeably that it would be next to impossible to segregate them. While it is perfectly feasible to use wires for both telephone and telegraph service—and either the telephone circuit or the telegraph circuit could be looped into any office—the arrangement and distribution of the lines for both purposes must be under common control, and that the telephone. The manipulation of the lines is a telephonic proposition, not a telegraphic.

History of subject: In a preceding portion of this study a list has been given of the countries which have postalized the telephone along with the telegraph. In nearly every instance the postalization of the telephone service took place as a measure of protection against the encroachments of the telephone on the revenue of the postal telegraphs. It was foreseen that the telephone in private hands would make such inroads upon the telegraphic service as to seriously abridge, if not bankrupt, the postal operation.

Prof. Holcombe, of Harvard, in his work on Public Ownership of the Telephone, has developed the history of the subject in this respect quite clearly. I can not here go over his ground for each country, but I shall take the time to briefly review the history of the subject in England, whose example in all the fields of sociology has been so potent in our past history:

HISTORY OF ENGLISH TELEPHONE.

1870-1871. Transfer of telegraphs to State.

1879. Edison Telephone Co., of London, and the Bell negotiate with the post office for the sale of their patents without success.

1880. The two companies amalgamate. Courts decide that the post office has a monopoly of all wire communication under telegraph act of 1869.

1881. Postmaster general grants licenses to companies for local exchanges, subject to a royalty of 10 per cent of gross revenues, to replenish prospective losses of telegraph revenues. The Bell Co. holding patent rights refuses to sell the post office its phones. Post office refuses permission to construct interurban lines or local lines beyond 5 miles. Patents do not expire until 1890 and 1891. The post office established several telephone exchanges in provincial towns to enable it to dictate satisfactory public-service terms with the private licensees.

1882. Postmaster general refused to issue further licenses unless the licensees agreed to sell lines on request to the post office.

1883. Post office engages in active competition with the telephone companies. Post office constructs interurban lines and rents wires to the Bell at an annual rate of £10 per mile of wire plus one-half of receipts beyond that sum.

1884. Post office issues new licenses applicable to whole country; licensees not to receive or deliver written messages, but allowed to erect trunk or long-distance lines. Post office reserved right to compete by itself or through competitive licensees. New licenses to terminate in 1911, with the option in post office to purchase plants in 1890, 1897, or 1904. Bell required to charge the telegraph rate, 24 cents for interurban messages, giving one-half to the post office, to protect telegraph revenues.

1885-1888. The United Telephone Co. applied for the right to lay wires underground in streets. Refused. In spite of these protective measures the telegraphic service fell, and in 1885 the minimum rate was reduced from one to one-half shilling per message to save the business. The annual increase of telegrams had been 15 per cent; it jumped to 65 per cent the first year after the reduction.

1889. The privilege of erecting trunk lines connecting the various exchanges of the telephone companies is given. In this year there culminated the amalgamation of the companies into the National Telephone Co.

1891. Duke of Marlborough, in the name of the New Telephone Co., inaugurated a campaign for cheaper telephone services, but this company was captured by and was then merged in the National Telephone Co.

1892. Public discontent with telephone service and increase of private telephone competition with the Postal Telegraph becomes acute. Post office arranges to take over all trunk wires, which was accomplished in 1896. The local exchanges were required to make the trunk or long-distance connections without charge.

1897. Glasgow asks for license for municipal plant to compete with private company. Refused on grounds that two systems would prove wasteful and embarrass the post office in 1911, when postal acquisition might be undertaken.

1898. Select committee reports that telephone service "was not likely to become of general benefit so long as the present practical monopoly in the hands of a private company shall continue." Advised competition in local areas, to extend service, and avoid inflated price to Government in 1911. Resolution of Associations of Municipal Corporations that "the subject of telephone supply should be treated as an imperial and not as a local one, and that the postmaster general should have the sole control of the telephone system," and, on failure of the postmaster general to act, municipalities should have right to do so.

1899. Appropriation of \$10,000,000 for development of postal telephone system. Municipalities authorized to operate local systems. License of National Telephone Co. made coextensive with other local licenses on the condition that the company should permit free interurban communication with new licensees in same locality—that is, all-round competition was inaugurated. The post office itself established a competitive system in London.

1901. Postmaster general coerced London company into granting free intercommunication for postal and company subscribers, and both established identical rates.

1905. Government contracted to take over the exchanges of the National Telephone Co. at the end of 1911.

1910. The effect of the encroachments of the telephone on the telegraph in number of messages and revenue had been such that the former became practically stationary, while the balance of the revenues showed a continuously increasing deficit:

Year.	Number of messages.	Deficit.
1900.....	89,576,961	£337,641
1907.....	89,493,000	652,055
1911.....	91,614,000	848,611

Meanwhile both the local and the trunk-line telephone service of the post office continued to show satisfactory financial results.

1912. On January 1 all exchanges of the private companies were taken over by the Government and postalized.

The English experience appears to be conclusive upon this point, namely, that an independent telegraph business, because of the growing inroads of the telephone traffic, is, for the future, of doubtful financial feasibility. Even in the United States the long-distance communications by phone exceed the telegraph, while in Germany the ratio is 5 to 1. Prudence therefore clearly dictates that our Postal System should deliberately avoid the telegraph wires and select instead the telephone lines. Such a choice would enable the Postmaster General to render both services at minimum rates, since he would have but one bill of expenditure to pay for their joint operation.

It may be suggested that the Government content itself with taking over the toll or long-distance wires, and through these do the telegraphic and long-distance or interurban business, leaving the local communication in private hands. It is first to be noted that both England and France tried this method, and found it unsatisfactory from want of harmony between the conflicting managements concerned in taking and delivering the message through the local termini. Another objection is that such a disposition would leave much the largest portion of the communicating problem unadjusted. If a postal simile may be employed, I should say that the telegram and long-distance messages compare with the local calls or conversations about as the Parcel Post Service compares with the letters and mail pieces—that is, scarcely compare at all—the local phone and the letter services being immeasurably the more important.

As the Bell system includes about three-fourths of the telephonic institution, it is apparent that its operations present conditions which are national in character. This deduction will graphically appear when we compare it with even the national telephone institutions of the greatest countries, which it overshadows in capital invested as well as in wire development and in gross expenditure and income. It is only our Postal System which exceeds it in scope and extent or the other characteristics of a national institution. It would seem to be unnecessary to indicate the similarity between the postal function of communication and that of the wires, while attention has already been given to the fact that but about one home in six can now be reached by the electrical communication. That this is due to the limitations natural to the rule of private financiering may be shown in a comparison of the universality of the postal agency under contemporaneous conditions. It is certain that under private financiering the wires are not destined to follow the mail carrier into the ordinary home. And yet, for even more pressing reasons of use and necessity, this is what they should do. It is as much the necessity and the right of society to have the effective means of sending its communications to the homes of the masses by wire as by human carriers, not to speak of the similar necessity and the right of the masses to enjoy such facilities for their own uses. Private financiering has exhausted its right to a longer lease of the agency to realize this end, even if it were to convince us of the sincerity of such a program. That such a program is impossible in its hands, but requires institutional motives and resources, which it can not be expected to command and which are yet available for society acting for itself, shall be the subject of our next chapter.

POSTAL SOCIO-ECONOMICS.

Mr. Chairman, Mr. Vail, president alike of the Western Union and the Bell system, declares in one of his reports:

There is a road to every man's door; there should be a telephone to every man's house.

The parallel is indisputable, but its complementary fact should also be noted. It was society and not any privately

financed monopoly that built these roads. He also adds apologetically for the Bell monopoly that the system must be—
under common control * * *. It must be sufficiently strong to constitute practically one system, intercommunicating, interdependent, universal.

For such an object I make bold to say that nothing less than the social power and motive can be made adequate.

Now, the postal object is not merely to confer equal privileges in form, but to effectuate equality in practice. It therefore so organizes its service and formulates its rates as to remove any economic barriers to their use. The poor man, the very poor man, can actually utilize any form of the existing postal service. Its rates are adapted to his means.

The rate methods by which this is accomplished with the mail piece are well known, and it now becomes necessary to apply them to the different kinds of communication by wire and determine their availability for procuring like results in that field.

The rates: It must be obvious that the universality of the postal service has been accomplished through the lowness or social serviceableness of its rates. In treating the forms of wire communication, the local call, the toll, and the telegraphic message will be separately taken up.

Subscribers' rates: Academically speaking, a railway rate structure has two functions to perform:

(a) The function of the body of rates is to produce sufficient revenue to keep the property whole and pay operative and capital charges.

(b) The function of the particular rate is to move as much of the potential traffic as possible to which it relates without actual loss in the operating expense.

If function (a) should fail, transportation must ultimately cease, while if function (b) fails, transportation does not take place at all. What all this means in practice is that the railways have not found it practicable to move the traffic of the country with rates based upon the quantity of service rendered; that is, rates compounded of the average cost of service plus a proportionate apportionment of the fixed and capital charges. At first they tried this plan, but very shortly learned that an immense proportion of the potential, low-priced traffic, able to pay its share of the operating costs and a small proportion of the fixed charges, was not able to pay its full share of the fixed or capital charges. The consequence was that such traffic did not move at all, and the railway lost the slight gain over operating expenses which it might have secured, while society lost the service of having many of its commodities moved from their places of production to their natural market. The railways accordingly threw overboard the cost and capital-charge theory of rate making and adopted instead the system of class and commodity rates which universally obtains to-day. In other words, they have frankly espoused the principle that transportation rates, especially that proportion of them from which they derive their revenues for fixed and capital charges, must be levied, like taxes, according to the subject's capacity to pay; and so, if you will look into a freight car, you will observe shipments of equal weights and sizes moving on the same train from the same point of consignment to the same destination, each paying a different rate for what appears to be an identical service. Rates per 100 pounds actually vary from 95 cents for first class to 31 cents for the sixth class when consigned from St. Louis to points in Massachusetts, which is not an exceptional ratio. At first we may resent the idea that a private organization should formally assume and exercise the power to tax us, and this feeling doubtless has had much to do with the Government acquisition of the railways in other countries; but as necessity knows no law and a substantial part of transportation would have failed under cost-of-service rates, the American public has long acquiesced in this private taxing power.

It is worthy of note that only the railway has adopted this State or social principle in rate making. None of our public utilities, such as water, gas, electric, street railway, or telephone companies, have followed its example; and, indeed, it is doubtful if such a program would be permitted them even if traffic conditions made it desirable. Although it will appear sufficiently clear that the universalization in use of the local telephone service will require just the treatment the railway has applied, still we can understand why no telephone company has discriminated in its charges in favor of the poorer, potential subscribers as the railways have done in favor of the poorer paying articles of commerce. It is the object of this chapter to show that such a policy is actually necessary and that it is also fundamentally ethical and economically sound.

Ethics of rate making: It is only necessary, I submit, to clearly apprehend the relations of the subscriber to his phone and to other subscribers to make proof of the above assertion.

Let us see what are the uses of a phone:

First. To save A a walk to B's office.

Second. To save B a walk to A's office.

Thus my phone is intended, or its functions, as much for Jones as for me. From this it follows that having supplied myself with a phone, society is obligated to supply the conditions whereby Jones can similarly provide himself. That is, my material interests in the case of the phone, as in the case of the road, entitles me to have a phone connection with Jones's house. The analogy with the public-road system is obvious, and my right to a means of ingress to his premises, now secured by general taxation, would seem to be the same in one case as in the other.

Let us suppose, now, that the system cost of maintaining each telephone is \$15 per annum, of which \$6 is the expense of making connections and \$9 the charge for depreciation and interest. Let us suppose that A earns \$2 per day, or \$0.20 an hour, which would enable him, impelled by its convenience, to subscribe for a phone, if he could rent it at not more than \$6 per annum. On the other hand, let it be supposed that B earns \$8 per day, or \$0.80 an hour, four times the wages of A, and impelled like A, would subscribe at a rate of \$24 per annum. In that case the joint subscriptions of A and B would equal \$30, or \$15 per phone, the gross sum required. In order that A may reach B and that B may reach A, why should not the tariffs be formed on the theory that would make them both subscribers? Would not this be making a like use with the railways of a principle just as applicable to a similar state of facts in local communication by wire?

It may be answered that such a proposal amounts to a gross discrimination between A and B, and that while the railway tariffs do discriminate between the different classes they do not discriminate between persons, but merely between inanimate commodities. But is there, in fact, any discrimination in either case? Is it not the fact that the railway, theoretically at least, is simply charging each class for service according to the value of such service to the commodity as the only practical mode of fully performing the function of transportation? Let us now recur to the assumed conditions of the illustration for A and B and their telephones. B receives four times the wages of A, therefore his time has four times the monetary value of A's time. In saving the time of the walk for A the agency renders him, accordingly, only one-fourth of the benefit it renders to B. Obviously the tariffs assumed in the hypothesis express the relative utility of the service rendered to each.

Now, if A may be taken to represent the phoneless homes and offices of the country to which the present nondistinguishing tariffs deny this great service, B may be taken to represent the body of relatively well-to-do subscribers, about one-sixth of the population, who are equally denied access to such phoneless population representing the immense body of the people. The five-sixths who are phoneless suffer a great inconvenience from inability to communicate with each other or the more fortunate one-sixth, but it is not improbable that the B class suffer even more from their greater need of communicating with the more numerous body of society.

It is a condition, therefore, rather than a theory that confronts us. If the present class of subscribers had the number of accessible persons multiplied by 6, could they complain if the tariffs should be based on assignments of the cost of service proportioned only to the value of service rendered to the subscriber, especially if such tariff making were found to be the only means, the actual *sine quo non*, of securing for them the required connections or accessibility to society?

Some such method ultimately must be applied to secure the maximum of social service in the local exchange. Society has resorted to much more aggressive measures in the case of the public road and the common schools. To maintain these agencies it levies its tax without regard to the utility directly resulting to the individual taxpayer. He may be a sailor or a bachelor, yet civilized mankind adopts but one policy—it is general taxation to secure the maximum result, otherwise unattainable.

Evolution of tariffs: In the beginning the phone was treated as the unit of service, and the monthly or annual rates were identical, whether for residence or business uses. No difference of charge was made even for business houses where the calls might be 30,000 a year as against one-tenth that number in some quiet office or even less in the residence. The next step was to charge a higher tariff for business than for residence uses, and this classification still largely obtains in the smaller towns where the limited number of subscribers prevents serious overuse and financial loss. In the larger cities the differentiation of the tariffs has proceeded forward to what is called the measured-service rate.

There is added as an appendix a table giving the local rates for a number of countries as perhaps the best means of studying the varieties of local rate growth throughout the world.

While I believe both the economics and the ethics of the subject would justify the use of discriminating rates based on the value of the service to the user, if such rates proved necessary to exploit the potential traffic, yet it is not thought necessary that they should assume such a form at any time, even if judged necessary. The grades of service from one-party exclusive lines to two, three, or four party lines with graduated rates could be made effectually to cover up the merely apparent discriminations. The base rates could be made sufficiently low for the multiple party lines and sufficiently high for the exclusive to achieve both revenue and traffic producing qualities, with the rate per call alike for all. If eventually, as it is believed the event will show, the cent rate proved adequate alone, the base rate could be commuted into so many calls—for example, base rate, \$10, giving 1,000 free calls. Devices for collecting the call rates and for registering their number are cheap and have reached the practical stage. Ultimately the base rate itself might be susceptible of elimination, except temporarily as security against loss in improvident new installations of the phone, where it might be retained as a guaranty of the necessary utilization. The rate evolution here described might bring us ultimately to the "pay as you use" phone, with a low and uniform rate per call for the entire country.

Local rates: It would be highly desirable, if financially feasible, to secure for the phone user a local rate of a cent per call, the average statistical receipts per call for postal-telephone countries, and approximately the average receipt with the independents. Such a rate would, if uniformly available, place the phone service within the reach of every American home. No one should complain of such a rate, as with our wage levels the 1 cent is an actually negligible price. Thus, if such a rate can be finally rendered compensatory, the local phone charge will be completely halved and universal satisfaction with the tariff secured. The letter rate, and if not in a few instances the postal-card rate assuredly, represents that desideratum at present.

The closest tariff approaches to the cent-a-call rate are the German and Swiss tariffs for measured service with a cent-a-call charge. But the Germans have a basal fee besides, and the Swiss also a basal arbitrary charge amounting, after the second year, to \$7.72 per annum. Serious apprehension of inability to attain the cent rate as an average statistical result need not be felt in view of the experience of the American independents and foreign postal systems. But grave doubt may be felt as to applying such a rate to the metropolitan populations. It will be argued that while more than compensatory in the towns and villages, on the average, as it has been shown to be, yet in a city like New York such a rate would be ridiculous, especially when compared with existing New York charges. This is an extreme case, it is true, but let us see how the facts stand with respect to New York and the rest of the country.

The Bell reports give the average cost per phone for its entire system, excluding the cost of toll lines, as \$111 each. The total book cost of construction of the New York Telephone Co. is given in the report of the public utilities commission as follows:

Number of phones.....	546,136
Book value, less toll lines.....	\$62,612,107
Investment per phone (Note 16).....	\$115

Thus the cost per phone is but 3 per cent greater than the average. The assumption that a metropolitan plant exceeds the town and rural so greatly in cost does not seem to be borne out. When millions of miles of wire can be massed in a single conduit, even though at an underground expense, the cost per mile and the maintenance service are greatly reduced.

It may be justly said, in answer, that while the investment per phone does not seriously enlarge for the great cities, the exchange operating expenses do, since a large percentage of the calls (70 per cent in New York) have to be trunked—i. e., the services of a second operator becomes necessary—and the service costs for exchange operators, about 15 per cent of total telephone income, may be added to by 50 per cent for this peculiar metropolitan condition. This is approximately true where the manual telephone system is retained. (Note 18.)

But no discussion of local rates is actually valid that does not explain the use being made in many American cities and other countries—Munich, and so forth—of the automatic system with which the subscriber quickly and simply makes his own connection, eliminating the exchange operator, and by switching and trunking devices reducing the miles of manual wire per phone

in the most substantial way. There is now but one phone to 11 persons, and these phones are in the stores and offices, probably not more than one home in five being so provided, especially in the larger cities. Each city block of fifty or a hundred homes has a few subscribers, whose lines, in connection with the automatic system and its switching and trunking devices, could be used as trunks to the central for the multitude of block party lines that would follow the introduction of the postal cent-a-call rate. The total investment per subscriber might thus be brought down to \$70 or lower, while the expenses of operation in the cities would be reduced by the amount of the expense of exchange operators. One should feel rather hesitant to make the above statement if the actual facts of practice and accomplishment were not before him. In the case of these local rates so various and incongruous even within the Bell network, it is submitted that while a goal should obtain toward which the postal department would direct its aim, yet the approaches to an ultimate uniform rate for local services should for a time be experimental and only tentative in spirit. The widest latitude should be given the department to conduct its experimentation, and specific freedom to try out its plans in selected places.

If it be found that metropolitan centers represent a greater capital cost per phone, I think it will also be found that such phones represent an even greater potential traffic. On a measured service basis with postal rates, it is only rational to expect a larger number of calls and therefore a larger revenue per phone from city subscribers. The average utilization of the subscriber's phone is said to be less than 2 per cent of its time capacity. We all feel at liberty to write as many letters as we wish, but the visitor to New York who is asked first to pay the telephone company as much as the street car fare would be and then the hotel as much more, if his means are limited, is likely to count the cost.

TENTATIVE RATES.

For all practical purposes the cost of conducting the agency will be nearly the same whether the lines be used at their maximum or their minimum capacity. The problem of the rate maker is therefore twofold:

(a) The body of rates must on the average pay the total cost of service.

(b) The particular rate or adaptations of the rate should produce the maximum utilization of the agency and thus the greatest service to the public.

Therefore, according to the hypothesis, if the gross annual cost of operation were known and the amount of traffic which a given rate graduation would result in might be predicated, it would be feasible, theoretically, to adjust the rates to gratify both maxims. So much for the theory, which, of course, is not precisely realizable, although the universality of postal operations renders theoretical reasoning highly useful and almost accurate, as applied to average periods. What in practice is feasible is a system of approximations as to cost and traffic; and it is by these methods that private financiers pass upon such projects in the establishment of public utilities of the various kinds. Applying this method to our subject, let us observe the probabilities.

COST OF MAINTENANCE AND OPERATION.

INTERURBAN NETWORK.

The operation of 220,928 miles of pole line of Western Union in 1912 represented expenditures as follows:

Operating expenses, including rent of leased lines, reconstruction, repairs, miscellaneous interest, etc.....	\$35,350,422
Taxes.....	713,413
Total.....	36,063,835

This represents the operating and maintenance expenses of a pole-line network identical in mileage with the toll and long-distance network, including depreciation on 1,500,000 miles of wire, as against about 3,000,000 miles of such telephone wire. It also represents the wastes of telegraphic accounting previously set forth, as well as other elements of expense indicated as susceptible of elimination under postal operation, e. g., office rents, legal expenses, corporate salaries, and so forth. If we ignore these savings and add to the total sum interest at the rate of 3 per cent on 200,000,000 of Government bonds and 4 per cent to cover the depreciation not fully included in the expenditures statement of the Western Union, and also add 5 cents per telegram and 2½ cents per call for the extra business to follow the proposed reduction in rates, then the table following approximately represents an annual fiscal statement for the telegraphic and long-distance telephone services under the new system.

Expense of operation and maintenance of 221,000 miles of pole line and 3,000,000 miles of interurban network	\$36,000,000
Additional for depreciation, 4 per cent	8,000,000
Interest on bonds, 3 per cent	6,000,000
600,000,000 telephone connections, at 2½ cents each	15,000,000
300,000,000 extra telegrams, at 5 cents each	15,000,000
Total	80,000,000

The application of continental rates to this traffic has produced a result of over five long-distance calls per capita per annum in Germany, and our phones double theirs in per capita distribution. With reference to the number of telegrams, the New Zealand experience, now nine per capita, is presented. From all these data it is assumed that under postal rates the long-distance phone traffic would equal the German and half equal, at least, the New Zealand development for the telegram. Such results in tabulated form would be as follows:

Average receipt, 300,000,000 telegrams, at 25 cents each	\$75,000,000
Average receipt, 600,000,000 conversations, at 10 cents each	60,000,000
Total	135,000,000
Deduct estimated expenditures	80,000,000
Profit	55,000,000

Obviously the figures as to the prospective traffic can only be speculative; but they are no more so than the conditions and computations of private enterprises in the same field.

That the substitution of low-service rates for high ones will find a complementary potential traffic inhibited by the higher rates has been made sufficiently evident. Yet it seems justifiable to add that the experience of the parcel post in giving mobility to an immobile but potential express traffic sustains the thesis.

TELEGRAPH RATES.

Mr. Chairman, the present telegraph tariffs, beginning with a minimum of 25 cents for 10 words, are graduated for increasing distances in multiples of 5 cents up to 50, whence the rate is 60, 75 cents, and \$1. The additional word rates correspondingly rise from 2 cents to 3, 4, 5, and 7 cents, respectively. These rates yield now an average on the message of 48 cents. Special rates are given the press on individual messages as set forth in an appendix; while the great body of the news is handled by the press associations over leased wires, for which the telegraph company is commonly paid \$20 per mile per annum, the association supplying its own operators. The data are insufficient to permit an opinion as to the merit of this lease rate, but since it is a wholesale rate it is not so likely to be excessive as the individual message rates.

We have seen that, differing from our postage rates, which are quite as low, the telegraph rate here averages about twice on the shorter, and on the longer distances from three to four times as high as in other countries.

Thus, in Germany the rate is 12 cents and 1 cent, with possible distances of 700 miles. In the United States the rate for a like distance would average 50 cents. There are a few foreign rates lower than the German, but it represents a mean for postal-telegraph countries, including New Zealand, with its American wage levels. It is not believed that a flat rate for all distances in a country so large as the United States could be made compensatory without making it too high for the shorter—as it is in Russia—and too low for the extreme distances of which our country abounds. Tentatively, it is proposed to adopt the 12-cent minimum, plus a cent per additional word, which is typical for postal systems, the 12 cents to embrace but 12 words, counting address and signature. This rate, it is proposed, shall be effective for 200 miles. For greater distances a rate scale based on the declension of freight rates for increasing distances is suggested. Broadly regarded, the railway class rates double as the distance quadruples; or, stated in mathematical terms, the rate increases in proportion to the increase of the square root of the mileage of the journey. This law is a recognition of the fact that the terminal service does not increase with the lengthening haul, a fact which would seem to be of even greater importance for increasing telegraph and telephone message journeys. Applying this law to the telegraph message, we should have a result as follows:

Twelve cents, up to 200 miles.

Twenty-four cents, up to 800 miles.

Forty-eight cents, up to 3,200 miles.

But the above table, which is merely expository, contains only three jumps from coast to coast, while the telegraph companies have found it prudent to have not less than eight, from their 25-cent to their \$1 charge, for the most part representing increases of 5 cents per advance. The scale following is therefore presented as supplying the necessary gradations.

Cents.	Miles.	Additional word:
12	200	1
18	500	1
24	800	1
30	1,400	1
36	2,000	2
42	2,600	2
48	3,200	2

¹ The Australian rate is 24 cents, and 1 cent, for any distance, with an area as large as our own.

It is thought that the day and night letter services adapted to the above rates should be retained, in order that the wires be utilized during otherwise idle hours of the day and night, and to these should be added a new species of telegram, auxiliary to the long-distance conversation. I call it the phone-appointment telegram, say, at a flat cent-a-word rate, to be used by parties in fixing a definite moment for long-distance talks. Much time and annoyance, it would seem, might be saved thus to the parties themselves as well as otherwise wasted plant and personnel in the preliminaries of the attempt to connect long-distance parties.

The above tariffs would average a little less than one-half of the present telegraphic rates, and it is thought would produce an average receipt of 25 cents, somewhat exceeding the average 21-cent receipt for Denmark on a flat 13-cent minimum and 1½-cent additional word rate. Such rates, when taken in connection with the extension of the service to all the post offices, homes, and offices reached by the telephone wires, could hardly fail, ultimately, to render effective the maximum of business and social demand for this form of correspondence. Surely such a development is due us. The people of the United States exceed all others in the number of letters per capita on identical postal rates. It is humiliating to think that we must occupy but the eleventh place among the nations in the degree of use made of the wonderful telegraph agency. Great Britain, Switzerland, France, Norway, and Belgium, all with lower wage levels than ours, precede us in this respect, while New Zealand, with wage conditions like our own, manages to extend its average citizen eight times the telegraph service we get here. And this has been done for a generation. Surely the country has paid enough for its tory statesmen and monopolistic financiers.

The toll telephone rate: It has been said that the telegraphs have word-miles for sale, and that the limit of their capacity might only be reached when the best word-sending devices were fully occupied in transmitting words over every mile of their wire. It is equally true that the telephone agency has mile-minutes to sell, and that its theoretical limit is only reached when every wire is conveying a conversation every moment during the year. Such is the theory. In fact, during sleeping hours, say from 12 to 6 a. m., there can be but a very reduced demand. The conversation unit is 3 minutes in all countries, and according to the reports of the Bell Co. the time consumed in making the connection and the conversation runs from 5 to 7 minutes. Taking the average as 6 minutes, if a circuit were, theoretically, in constant use throughout the year, 87,500 conversations might take place. The German toll and long-distance network consists of 19,623 circuits, while the Bell Co.'s network, reaching about the same number of people, appears to be 33,164. The number of conversations per circuit in Germany was 16,417 in 1910, while on the American system the average was but 7,164. It is pertinent to remark, however, that the average charge in Germany was less than 4 (0.036) cents, while in the United States it was 21 cents. The German rates were effective to induce traffic equal to one conversation to each 31 minutes, or 19 per cent of the theoretically available phone time; while the American rates produced one conversation to each 73 minutes, or a utilization of about 8 per cent of such time. The low utilization in the United States is indubitably the result of her higher rates—over five times those of Germany. This low utilization is made a matter of observation, if not of complaint, in the reports of the American system.

Unlike the telegraphic agency, where the press and the night letter largely preserve the nighttime from waste, while the day letter may use the idle moments of the day, little has been done in the United States to distribute the distance telephone traffic equally throughout even the day hours. In Germany considerable effort has been made to effect such a distribution. There are rates for urgency or immediate demand service, rates for regular subscribers at given hours, regular day and regular night rates, and monthly contract rates.

Under the operation of postal motives it would be interesting to sketch the possibilities of the use which might be made of the waste hours from 12 p. m. to 6 a. m. A purely fanciful case is presented for illustration. The mother lives in New York and her daughter in Chicago. The scale rate is now \$6 for a 3-minute talk, and this talk, purely domestic, never takes place between poor people. But the wires are idle, and in Germany the rate would be but 48 cents. Why not permit the use of the lines during midnight hours at that rate for such purpose? The postal rate maker would say, like the railway rate maker, "Well, if it be not diverting higher-priced traffic from the day business, anything I get beyond the cost of exchange operator will be velvet to me, and I will open the wires to this social traffic at the German rates." "Nonsense," objects the private financier, "such a rate is absurd."

Well, let us see as to that. In another part it is shown that the total cost of maintaining and operating the interurban telephonic network for telegraphic and telephonic uses would be about \$80,000,000. If half of this represented the telephonic share, the cost per mile of wire, exchange service included, would be at the rate of \$13,333 per 1,000 miles. The New York to Chicago wire measures about 1,000 miles, and with return wire 2,000 miles; thus the half annual cost of maintenance and operation would be \$26,666, or about 30 cents per six-minute period, counting every moment of the year. These figures are not to be taken as accurate, or even approximate, and yet it is asserted that the true figure, when secured, will not differ enough to impair the case.

The truth is that the German rate, while not seductive to him, might well be introduced during these midnight hours, if the private financier did not fear the effect in two directions. It would call attention to the abnormal day rate, some ten times as high, and might divert a serious proportion of the high-priced day traffic to the cheaper service. Perhaps it might have been wiser for the gentlemen controlling these really postal agencies to have taken the public into their confidence and formulated rates designed to secure the maximum utilization of their plants, even if their rates at first appeared utterly incongruous. But they are not sure that it would be wise. Nor, indeed, can it be very certain that their fears are groundless, considering the state of ignorance and indifference which has permitted the agencies to fall into private hands at all. Their patriotic night rates might indeed be made the false basis of a demand for irrational day rates. And yet this has not been the experience of the railways, with their wisely discriminatory class and commodity rates.

The basis for a long-distance rate, it is believed, would include (1) the total number of messages likely to be transmitted on a given rate—the experience of other countries would afford approximate means of computing them; (2) the total cost of service divided into units of mile-minutes; (3) the graduation of rates for the different hours of the day and night to correspond with the relative desirability as determined by traffic demands; (4) the distribution of wasted or unused plant values into special hour rates in a way the least deterrent to the demand for the service. Doubtless it would require considerable experimentation by the Postal Department to acquire data for the use of these bases, but the Postal System would have a motive to experiment, and it could rely on the support of the public in its efforts. It is highly probable that the result would be a very great salvage of telephonic plant life now lost, to be devoted to public services, which the present rates preclude.

Expository toll rates: With the object rather of stating the conditions of the problems connected with the long-distance rates, I am presenting a tentative tariff for the different distances up to 1,000 miles. Two administrative purposes are sought to be realized, the utilization of the blank period between 12 m. and 6 a. m., and the comparatively blank period from 6 to 9 a. m., as also from 8 p. m. to 12 m., in the telephonic plant day of 24 hours. Conversely, it is sought to cut down the traffic peaks one-half between the hours of 9 a. m. and 12 m. and 6 p. m. and 8 p. m.

It is obvious that if the blanks could be partly filled by new traffic such business would represent nearly all gain to the Postal Department. It is equally obvious, of course, that if future increases of traffic during peak periods could be diverted to the comparatively blank periods by sufficiently attractive rates, a business from three to four times that now done could be accomplished on the present capacity of the wires. Theoretically the rates should rise with the degree of the demand and fall with it in order to scatter or distribute the traffic as nearly equally over the 24 hours as possible, and thus secure the maximum effective capacity of the plant. With a

view to illustrate rather than to propose methods for this purpose the following tariff is presented:

Long-distance traffic distributing tariff (3-minute units).

	12 m. to 6 a. m.	6 a. m. to 9 a. m.	9 a. m. to 12 m.	12 m. to 6 p. m.	6 p. m. to 8 p. m.	8 p. m. to 12 m.
Up to 10 miles:						
Regular.....		\$0.05	\$0.10	\$0.05	\$0.10	\$0.05
Urgent.....		.05	.10	.10	.10	.10
Up to 50 miles:						
Regular.....	\$0.10	.20	.30	.20	.30	.20
Urgent.....		.30	.45	.30	.45	.30
Up to 100 miles:						
Regular.....	.15	.27	.40	.27	.40	.27
Urgent.....		.40	.60	.40	.60	.40
Up to 150 miles:						
Regular.....	.20	.30	.60	.40	.60	.40
Urgent.....		.45	.90	.60	.90	.60
Up to 200 miles:						
Regular.....	1.25	.53	.80	.53	.80	.53
Urgent.....		.80	1.20	.80	1.20	.80
Up to 250 miles:						
Regular.....	.30	.67	1.00	.67	1.00	.67
Urgent.....		1.00	1.50	1.00	1.50	1.00
Up to 400 miles:						
Regular.....	.40	1.04	1.60	.97	1.60	.97
Urgent.....		1.60	2.40	1.60	2.40	1.60
Up to 600 miles:						
Regular.....	.50	1.60	2.40	1.60	2.40	1.60
Urgent.....		2.40	3.60	2.40	3.60	2.40
Up to 800 miles:						
Regular.....	.60	2.14	3.20	2.14	3.20	2.14
Urgent.....		3.20	4.80	3.20	4.80	3.20
Up to 1,000 miles:						
Regular.....	.70	2.67	4.00	2.67	4.00	2.67
Urgent.....		4.00	6.00	4.00	6.00	4.00

¹ Add cost of appointment telegram, 1 cent a word. Sunday, half week-day rates from 6 a. m. to 12 m. Overtime, one-sixth of given rate per additional minute.

The busy-hour rates could be very much further reduced in the event that the schedule proved effective in more equally distributing the traffic. It is for this purpose that the urgency rates are made so high; for the five busy hours they are as high as at present. Doubtless there is a body of demand that cares not for the highness of the rate—most of the present patronage, perhaps—if it can secure quick and instantaneous service. This character of service is called "urgent" in Germany, and pays three times the regular rate for its preference over the regular traffic.

The rates outlined are of seven varieties. The midnight rate for social objects slightly exceeding the German day rate; the 6-to-9 morning rate and the 8-to-12 night rate, designed to attract traffic from peak periods; the 9 a. m. to 12 m. and the 6 to 8 p. m., or peak periods, with the rates purposely left high to divert excess demands at those hours to other periods; the urgent or quick-service rates; the Sunday rates for social uses; and the one-half or one-sixth per minute additional rate, for overtime, which corresponds to the first three-minute rate since the additional allowance of three minutes for making the connection is included in the first charge.

It will require some years of experimentation to determine just what graduation of rates to busy and nonbusy periods of the day and night will secure the highest attainable utilization of the plant; and the consummation of the lowest rates must await, and is dependent on, such a degree of utilization. Meanwhile the present rates, under the above schedule, run from but one-fifth to two-thirds of the existing rates, with it is believed a substantial enlargement of plant capacity during peak demands. Even if our long-distance traffic carries a rate four times normal, and the public service is at perhaps but one-fourth of its potential, yet normal, though compensatory, rates would not be practicable if the effect was only to exaggerate the peaks and thus perhaps require immediate additions to the plant, although its average utilization, as shown, might be but a paltry 8 per cent of its total capacity. Time and experiment only will qualify the rate maker to formulate the most desirable rate structure.

COMPARISON OF PROBABLE RECEIPTS AND EXPENDITURES.

Mr. Speaker, it may be of interest to ascertain how the account would have stood, say, for 1912, had the telephones been under postal management, with the telegraph function added. Taking the receipts and expenditures of the telephones for that year and adding also the receipts and expenditures which the superimposing of the telegraph traffic of the telephone network would have involved, we should have the following statement:

Receipts, 1912.

Telegrams (300,000,000).....	\$75,000,000
Telephone receipts (2).....	243,327,611
Total receipts.....	318,427,611

Expenditures: (2)	
Telegrams, 7 cents each	\$21,000,000
Telephone, operation and maintenance	28,444,000
Salaries and wages	96,040,541
Rents, real estate	2,280,545
Rentals of conduits, etc.	1,206,015
Miscellaneous	402,784
Taxes	12,411,516
Depreciation charges	40,755,657
Interest, 3 per cent, on Government bonds	30,000,000
Total expenditures	232,541,058
Résumé:	
Total receipts	318,427,611
Expenses, interest, and depreciation	232,541,058
Net balance	85,886,553

The above table substantially reflects what the postal budget for 1912 would have been had it conducted the telephone and telegraph services over the telephone network upon the existing telephone rates, supplemented by the telegraph rates proposed. It is plain enough that the department will be on safe financial ground, with a surplus of over a fourth of its receipts to apply to the extension of the service to the farmside and the homes of the masses.

Against this alluring balance it will be urged that the statement takes no account of the higher wages which the Postal System would have paid. Granted; its scale would have been higher. But as a future factor it is submitted, as the judgment of the telephone engineers, that the reduction of the personnel concomitant with the certain introduction of the automatic phone much more than meets the difference between private and postal wages.

SUMMARY OF BENEFITS.

Let us see what our reasoning supports as the advantages to be ultimately derived from a postalization of the telephonic network.

- (a) A cent-a-word telegram.
 - (b) Long-distance rates from one-half to one-fourth those prevailing.
 - (c) A cent a call, local conversation.
 - (d) Universal use of the telephone.
- Only item (d) presents an achievement not already attained in other countries; i. e., the phone in every man's house. But with item (c) within reach our American wage levels offer the highest assurance that a service so cheap and necessary will become as universal as the letter service.

That we can be confident as to the economic feasibility of the above service program is indicated by our present postal achievements.

They are:

- (a) The 1 and 2 cent letter rates, good to all our possessions, to Canada, Great Britain, and Germany, and to the farms of the country.
- (b) The cent-a-pound, or 2 (2.38) mills per mail piece, for educational publications consisting of the magazine, the periodical, and newspaper of the country.
- (c) The parcel post, extending to the farm with rates as low as 5 cents, against the 25 cents hitherto charged by the privately financed express service.

Besides these, it dispatches money and pays interest on deposits, insured by the indubitable security of the Nation, and performs other services. All these services it renders as cheaply as any other postal system, stated in terms of money (except Japan), and in terms of price levels performs them, along with Canada, for the lowest payments in the world. These are some of the advantages of public or postal financing. And we ask no consideration in this comparison for the higher wages of the postal employee of the United States or of the higher price levels here, nor for the fact that railway mail transportation is paid for here, which is commonly not the case elsewhere.

Of the great advantage which should flow to society in the way of relieving the local governing institutions from the strain to which they have been subjected by the corrupting influences of franchise hunters, it seems unnecessary to do more than refer to the experience of San Francisco recited more fully in the chapter on social effects. The New York (Bell) Telephone Co. recently put forward a claim of \$30,000,000 as representing the value of the franchise it obtained from the city government to lay its wires in the streets. If private capital is to be relied on, then such franchises must continue, and if conceded any value it is apparent that bribery and corruption, whether frequently exposed and punished or not, are likely to continue; and with such stupendous amounts involved ordinary virtue in the promoter and official can only be expected to give way. On both economic and social grounds the verdict of the nations has been "postalize"; and possessing an institution as trustworthy and

efficient as our postal agency there is nothing to discourage the expectation of even higher accomplishments here.

OBJECTIONS.

I distinguish the difficulties which attach to any constructive program from objections which take the character of fundamental defects in the proposal itself; such difficulties, for example, as the inconvenience of financing the project, the adjustments and readjustments necessary to secure the desirable properties in the rates, the extensions of the network to meet additional demands, the addition to the Postal Service of the numerous personnel essential to the conduct of correspondence by wire, and, finally, the effect of competition by the postal telegraph on the telegraph lines in private hands, all of which may be difficulties and yet not objections. It is meant to meet these in an absolutely frank way, and so I shall take them up in their order:

Financing the acquisition: It is assumed that the acquisition of the total telephone network, embracing local exchanges, toll and long-distance lines, would cost about ten hundred millions of dollars. The purchase would, of course, be financed by the issue of Government bonds. The question presented is, therefore, whether the marketing of this amount of bonds would be so difficult as to render the proposition undesirable.

Great financing enterprises during recent years have been as follows:

The Panama Canal.

The United States Steel Co.

Acquisition of the railways by Japan.

Acquisition of the railways by Switzerland.

Acquisition of one-third of the railways by France.

Acquisition of the national telephone network of Great Britain.

The plan would not involve the compensation of the owners in one gross payment or at one time. While it would, of course, be necessary to acquire title and possession of the networks by a single process of statutory appropriation, and on the same day, it by no means follows that payment for the properties would or could be invoked in the same total or single way. There are, altogether, some 3,000 companies or distinct legal proprietorships of the network, and even the Bell associated companies number more than 200. There would, therefore, be as many distinct payments as there are different proprietorships. Moreover, these payments would naturally extend over a period of time sufficiently long to enable the Interstate Commerce Commission to make its appraisals and the courts to adjust such legal questions as to valuation as may arise. It is thus apparent that the payments would be distributed throughout a period of several years and be decentralized into as many acts of payment as there are distinct legal owners. The extension by such postal acquisition of the securities of the superseded companies would be likely to create an equal demand for substitute securities and render it but natural that most of such bond issues would be accepted by the former owners in lieu of their displacing private holdings. Thus ample time and opportunity to market the bonds necessary would seem to be assured, and it is not likely that the program would present any difficulties not successfully encountered in financing the Panama Canal.

Extensions of network: This represents a difficulty under any kind of proprietorship, but more especially does it represent a fundamental deficiency under private financing. We have seen that the normal action of the private motive will be to extend the network only to those points promising sufficiently attractive profits. This motive has under our conditions substantially worked out its potency, except for the normal increase from year to year. Nearly every office and store and the residences of the well to do in the cities have been reached, and with these achievements the private financier has attained his practical limitation. The homes of the masses he has no motive to reach by the only means competent to reach them, namely, lower rates devoid of the desirable margin of profit.

As a high-priced haberdasher he naturally prefers the patronage of the gentry, and, as boldly proclaimed by the Bell system, meets demands of the masses with the assertion that "Instantaneous transmission of communications is as yet a convenience of luxury; it is not a necessity, and is still confined to the comparatively few, and for that reason should be at the cost of the few that find benefit and profit in that use."

The experience of the Bell system is that 48 per cent of their phones are "business." Whether this includes hotel-room phones does not appear. If half only of the phones are in the residences, we should have about 4,000,000 out of 20,000,000 homes supplied with phones, or one in five, embracing the 20 per cent of the population that is rich enough to patronize

this alleged "luxury." It is not fair to expect that extensions to the other 80 per cent will be made by merely profit-seeking capital.

In the legislation proposed all existing agencies for extension and new development, together with important additional ones, are put in service. That is to say, individuals, associations, and corporations, together with the Postal Department, the municipalities, counties, and States, may engage in the work of extension of the system under license from the Postmaster General. They may operate them themselves, or have them postally operated, but the right to postalize the ownership is reserved upon paying a price for the extensions which shall not be so low as to discourage nonpostal construction. The above methods have been successfully employed by the Austrian Government to assure freedom and adequacy of railway development under a régime of State ownership and management, and there is every probability that these methods would prove effective to secure the maximum of telephonic extension in the United States.

Rate adjustments: It is of the highest importance that there should exist complete flexibility in the rate structure. Private financing until the recent era of regulation possessed this advantage for use as its motive might impel. There is a disposition to associate postal rates with the inertia of Congress and the inflexibility of our statutes. This objection is a fundamental one, but it is provisional none the less. If Congress undertook to make the rates, as it does the rates of postage, and gave no administrative power to the Postal Department to revise such rates, as it did in the case of the parcel post, then I should consider this objection to be a serious one indeed. But Congress has already shown that it can distinguish between what is a legislative and what is an administrative function. It has not undertaken to make freight rates or express rates, and recently delegated to the Postmaster General the power to revise the parcel-post rates and weight limit. The rate-making function is treated as administrative elsewhere and, moreover, the legislation proposed does not undertake to formulate the rates at all, but vests that duty with the postal administration under the restriction that the rates shall be revised from time to time in order to make them compensatory and to promote the public service.

The personnel: In the 1912 census the total number of employees is given as 183,361. This compares with approximately 300,000 employees in the Postal Service, who, to an extent, would replace the telephone personnel. More than half of the telephone employees—96,322—were exchange operators, and of these 94,360 were girls and women. Improvements in telephone practice, the automatic switchboard now being installed abroad and in prospect, involve the elimination of nearly all exchange operators, so that the future telephone personnel need not exceed relatively one-half the present number. Two difficulties will be urged as involved in acquiring this personnel. First, probable postal hesitancy to eliminate the employee as mechanical improvement renders him unnecessary. This difficulty will happily take care of itself. The exchange operators are girls, and experience, as reported in a study of the Bureau of Labor, shows that the average time of their employment is less than three years, when their service is terminated by marriage. This is also the experience in Great Britain, I am informed by the British postmaster general. Accordingly, by simply refusing to fill the vacancies, the necessary reduction of the exchange-operator force will accomplish itself within a period sufficiently brief for improvement purposes.

The other difficulty that may be urged is that increases of wages and reduction of hours of service will be asked by the personnel and conceded by the Government. This is probably true. But is it an objection? Would it not, on the whole, be socially desirable that some of the savings of unification and postalization should go to the necessary employees to lift them to the wage and service level of the postal personnel? The rank and file of the latter are admittedly better paid and their working conditions more favorable than employees in nearly similar private employments. But instead of being an objection, this fact may fairly be appealed to as supportive of postalization. The employees should be placed in the protected classified list and their wages and conditions of employment, like the rates, left plastic until, through experience, the Postal Department has developed a complete system of regulations for the service. If it be feared that the efficiency of the employees in work done might not be as great for the future, reference is confidently made to the efficiency tables in former pages, where the Bell performance per employee is compared with the publicly conducted telephones of other countries, and then again to a comparison of our own postal performance with those countries. The student can not be left in doubt as to the ver-

dict, which is highly creditable to the American postal workman.

Telegraph competition: The acquisition of the telephonic network alone, as proposed, would leave the telegraph lines undisturbed in the hands of their present owners. But the postal system would engage in telegraph business over the telephone wires, at least to the extent of transmitting individual messages. This would mean, of course, competition with the telegraph companies. President Vail, of the Western Union, is of the opinion that it need not fear such a situation, and asserts:

There is not a single instance of telegraph and telephone companies operated by private corporations in competition with Government operation where the private service is not better than the Government, and profitable, against unprofitable Government operation, if untrammelled by Government interference. (Bell report, 1911, p. 40.)

Since Mr. Vail spoke as president alike of the Western Union Telegraph Co. and the American Telephone & Telegraph Co., its major stockholder, this difficulty would seem to be answered for the Western Union, which, having granted none, asks no quarter from the public. The opinion of the Mackay companies as to Government competition is not available, but, even if unfavorable, it is submitted that it is estopped to complain. It went into the field itself with a deliberate purpose of competition, and its activities so far have been merely to duplicate the preoccupying lines of its rival. But this company is even under more distinct duty not to complain of postal rivalry. When, in the eighties, the Government was about to give the public a postal telegraph at reduced rates, it came forward and asked the Government to desist, giving it the formal assurance that it would, as fast as its lines were extended, give the public as low or lower rates.

The result was that the Government forbore at that time to postalize. Instead of keeping its promise this system joined hands with the Western Union to eliminate the popular 10 and 15 cent rates in existence, raising them to 25 cents, and has since maintained an effective agreement with it to keep the telegraph tariffs of the United States the highest in the world. A flagrant violator of its pledge to the public to furnish it the reasonable rates the Government was about taking measures to provide, it surely can not now contend that the people should give heed to any opposition it may make.

Such opposition might take the form of claiming that the telegraphic lines should be immune from competition. That is, in effect, that the telegraph companies refusing to give the public the benefit of competition in rates, the postal agency should not be permitted to do so. Many persons will fail to see any distinction between the competition of the post office and express companies and the like procedure with the telegraph companies. It may be urged by the latter companies that they should be purchased and not be subjected to competition from the Government. There are two circumstances preventing such a course, for one of which—the second—the companies are responsible. First, in possession of the telephone network the telegraph lines would be only an unnecessary and very expensive adjunct to the Post Office; second, the telegraph lines notoriously are so water-logged by false capitalization that the maxim "caveat emptor" obviously applies itself, and no Government could risk their forcible appropriation. If abandoning Mr. Vail's position that postal competition need not be feared, it be argued that such competition will reduce the value of the properties and that the people should shoulder the loss by buying the properties without needing them, then a question of ethics is presented to be answered by another question of ethics, thus: Should the people, who have suffered from exorbitant telegraph rates for generations, now also be made to upocket besides the amount of capitalization of the declining telegraph institution merely that their owners, who took the profits with the chances of the enterprise, may escape the results of the progress of mechanical civilization? On what ethical theory can a few thousand stockholders ask that the obsolescent losses of private property shall be shifted from them to the innocent taxpayer of the country?

It does not follow, however, that the gloomy picture of injury to the telegraph companies shall come true. There are several reasons for a more hopeful view. The competition would not extend to the whole field of telegraphic activity. With reference to much of it their rates are not so unsatisfactory. For example:

First. The Associated Press business.

Second. The stock-quotation business.

Third. The patronage of those who do not object to higher rates.

Fourth. Lease of the wires to various business demands.

Fifth. The growing demands of the railways for such wires which are mostly located favorably for railway use.

All of these varieties of business would likely remain to the companies unimpaired, as also their cable traffic. With proper initiative and the elimination of the nonpaying offices, as also the use of devices to economize on their extravagant telegram accounting, it is not apparent why fair returns on the fair value of their property should not follow. At all events, no claim should be made by them for a charitable purchase of their lines until they have exhausted their ability to "make good" under the new conditions. If they succeeded, there would be no problem of charity to deal with. If they failed, we should know in what degree and the exact character of the problem.

The wireless: The startling character of the discoveries and innovations involved in the wireless method of communication may suggest to some the possibility that it may be applied to the domestic, or, rather, land and municipal, correspondence, and thus perhaps diverting the correspondence from the wires, place them on the scrap heap. This phase of the matter has been carefully inquired into, with the result that the Government experts declare such a prospect to be baseless. They explain that the method of the wireless is by the principle of disturbance of the medium—that is, by waves which disturb the ether between the point of sending and the point of receiving the message; indeed, the waves actually extend backward as well as in the direction of the address. This is illustrated by the wavelets caused by the throwing of a stone into a pool, which move equably in all directions.

If many persons were throwing stones in such a pool at the same time, the wavelets would commingle and lose their identity or definition. Just so when the wireless messages are being sent from different stations, attuned alike, a confusion of vibrations results and the messages can not be deciphered because of the "interference" thus caused. It is true that attuning to different wave lengths is possible and, when correctly done, the interference is avoided. But the limits within which this distinguishing of wave lengths can even mathematically be carried is said not to exceed 33 in number; and so the nature of things would prevent more than 33 stations working constantly between two points. Thus, the Government scientists affirm that no development of any now known principle of communication can take the place of the telephone wires where selectiveness and secretiveness are necessary in the message. A wireless message flares itself to the whole world and correspondingly attuned instruments must listen. Thus, in a city where a half million phones are employed, or even in the smallest exchanges, it is apparent that the nonconducted or unisolated wireless message is out of the question for meeting the requirements of the telephone. For trans or intra oceanic uses where the number of communications is at its lowest, or even in uninhabitable districts like Alaska, with great distances to traverse, the wireless offers an ideal and economical agent, and for such fields its future would seem to be unrivaled. It is a supplement to and not a substitute for existing telephone agencies.

It is important, however, that provisions should be made to meet the contingencies of future discovery and invention in order to devote them to their greatest usefulness for society, and it is for this reason mainly that a monopoly of all electrical forms of communication is reserved in the bill to the Postal Department.

ARGUMENTS AGAINST POSTALIZATION.

Perhaps the arguments against our Postal System discharging the whole function of communications, as is done nearly universally elsewhere, have been best stated by Mr. Vail in his report as president of the Bell system for 1913. Beginning with the assertion that the owners of the property would not suffer, since they would be fully compensated, he makes the objections which I shall now proceed to consider. Should it be self-sustaining? Mr. Vail:

Should Government operation be self-sustaining in its full significance, entirely maintained and operated out of its own revenue, or should such properties be operated at a charge on general revenue at the cost of the whole public for the benefit of a part? There may be some things which should be made free and convenient for the whole public even at the expense of the public revenues, but the telegraph and telephone are not of them.

The answer to this is, of course, a formal "Yes." The receipts ought at least to balance expenditures. But this has a meaning of more potent significance under the rules of public finance than it possesses with the private financier. For him each exchange must be self-sustaining—unless it is maintained to overcome a rival. He could not rationally be expected to say: "There is a point that needs an exchange; it will not be self-sustaining, but I will maintain it, and pay its losses out of my profit from the other exchanges." He would be a fool to establish any exchange that did not promise a profit. Conversely the postal financier, with a maximum of public service

in view, will make the fat agencies replenish the lean; will borrow from the postal profits at metropolitan centers to establish and maintain the star and rural routes, over a million miles in extent. The Bell system has for this reason wholly neglected the countryside, and bars the workman's residence in even the city by its prohibitive rates, while the postal agency is giving us the most extraordinary rural and city carrier service the world now knows.

Before the parcel post eliminated it with a substantial surplus the postal "deficit" was made the excuse for such attacks as were made upon the efficiency of the Postal System.

It may be said, with regard to the postal deficits, they represent only a small part of the amount of social service rendered under statutory public policies for which the public is not directly called upon to pay. The franking privilege (1.85 per cent of the total postal service), the carriage and handling of second-class matter for educational purposes constitutes 29.24 per cent, carried at about one-seventh its proportional cost; these are the items which take the form of a "deficit," only because the department has no "public-service" statement showing the amount and value of service rendered, like a railway does. If such a table were presented there would be no deficit, but a surplus of very many millions, quite as many millions as the telegraphs and telephones show as the profits of their private financing. This very clearly appears when we charge to the franked matter and the second-class educational mail pieces the rates charged on other postal matter. Thus only 5.19 per cent of postal revenues are derived from the 29.24 per cent of the total postal services devoted to such second-class matter, and no revenues from the 1.85 per cent of such service given to franked and penalty matter.

It can be readily seen, therefore, that 25.90 per cent of the postal service goes unaudited, and that a correct statement of its services would credit its receipts with that additional amount. In that event the department would have shown a surplus at all times since the war, and in 1912 a surplus of more than \$60,000,000.

The objection to the postal deficit fails, moreover, to comprehend the distinction between private and public financing. The test of success in the former is the degree of profit it brings the private investor; in the latter the test is the degree of social service rendered. This argument of a deficit might be as well made—and doubtless would be if the financial motive existed for making it—against the public roads, schools, and colleges, not to say the churches and other eleemosynary institutions which are all expenditures and show no audited fiscal profit. But the challenger has disavowed such standards of the private financier and proposes to justify its tenure of these public monopolies on social service principles. Even so, it can not call that a deficit which simply represents unaudited services to the Nation, performed at its command upon grounds of settled educational public policy. Moreover, these deficits are in another sense chargeable to the influences of the private financier who has succeeded for 40 years in debarring the postal system from the very profitable function of the parcel post. Had this business been in its hands the department would have shown no deficit, but surpluses in much the greater number of years. The initiatory experience of the very limited service we now enjoy shows that even with the most substantial reductions in the rates the service is highly profitable to the department.

I present a statement showing the financial results where the postal institutions are exercising the telephonic and telegraphic functions in connection with the mail.

Financial results, receipts, and expenditures of postal systems in respect to mail, telegraph, and telephone services. (1910) (3).

Country.	Receipts.	Expenses.	Surplus.
Germany.....	\$194,272,463	\$171,594,102	\$22,678,361
Austria.....	37,494,993	36,774,693	720,300
Belgium.....	11,276,039	7,286,550	3,989,489
Denmark.....	5,151,680	4,052,103	1,099,577
France.....	69,688,373	60,765,697	8,922,676
Great Britain.....	130,145,874	107,815,457	22,330,417
Hungary.....	18,779,415	13,217,728	5,561,687
Italy.....	22,922,406	17,580,193	5,342,213
Japan.....	31,881,235	16,557,372	15,323,863
Norway.....	3,840,538	3,242,909	606,629
Netherlands.....	7,786,553	7,418,162	368,391
Russia.....	68,222,406	33,590,294	34,632,112
Sweden.....	9,684,515	8,116,610	1,567,905
Switzerland.....	14,169,411	13,673,772	495,639
New Zealand.....	5,805,750	5,112,762	692,988
Total.....	631,133,621	506,798,404	124,335,217

Such are the results with the postal establishments completely exercising their normal functions. Who can doubt that our so-

called postal deficits represent the deprivation of those profitable functions which the express companies and the wire agencies for 40 years have succeeded in diverting from our Postal System.

FUNCTIONS OF GOVERNMENT.

Mr. Vail's view of these is as follows:

The functions of government and the causes of its being are "control" and "regulation"—control of the individual and regulation of the community so far as is necessary to secure the enjoyment of life, liberty, and happiness by all, and "control" or "regulation" of anything that might in any way become a menace to the social organization or to its individual members.

To the extent that anything is a necessity in its absolute sense to the enjoyment of life and health—the absence of which would endanger the community as a whole—it is a proper function of the Government either to provide it or to see that it is so provided as to bring it within the reach of every individual member of society, even to provide it for all at the cost of the general revenue.

A sufficient supply of potable water available to all is a necessity. The street car, the electric light, the telephone, or telegraph are conveniences of the highest importance, but are not necessities in the foregoing sense.

Water is a necessity, but so is food, clothing, heat, shelter, and if all these productive agencies were to be taken over by the State it would be almost completely socialized. I do not think "necessity," in the sense Mr. Vail suggests, is the test which conservative people will consider applicable. They will much prefer the rule of the economists, who confine the activities of the State to those "monopolies that are superior to the influences of competition" and in which the social-service motive is necessary to realize the maximum utilization of the plant and working force; and this, as we have seen, becomes almost entirely a question of the lowness of the price at which the product can be sold and depends but little on the kind of necessity characterizing the demand for the product.

THE TELEPHONE ESSENTIALLY A MONOPOLY.

Telephone and telegraph systems operated under common control can avoid duplication by making use of the same wires.

For practicability of management, economy of operation, or efficiency of service there should be one combined telephone and telegraph system. This has been the Bell contention and this is the conclusion reached by the Post Office Committee and by congressional advocates of Government ownership, who say in substance that the telephone and telegraph should constitute one system, and that a monopoly.

Upon this point the agreement is complete. There should be a monopoly. It is only to be decided whether in its operation the postal or the private motive should govern. The private motive makes its rates and builds its extensions in obedience to the right of the investor to seek the highest profit, and this means low utilization per unit of capital engaged. The postal motive makes its rates and extensions with a view to the greatest public service, and this means the maximum of utilization and service to society.

REGULATION.

The Bell system, as against the advocates of social service and popular rates, falls back on "regulation."

Government regulation can effectually curb "monopoly" and "selfish exploitation" and make them useful without destroying them by subordinating them to the public for the public advantage. Government ownership and operation would destroy individual initiative; they would create monopoly and increase and strengthen its evils by placing it in the control of officials and servants responsible only to themselves as a political party and parts of the organization which made or unmade the Chief Executives.

In answer to the "regulation" proposal the following questions are suggested:

First. Could the regulating tribunal order our telegraph rates cut in half?

Second. Could it order the telegraph companies to maintain service at all points where we have post offices?

Of course it is obvious that either order would bankrupt the telegraph companies, whereas as a postal side service both results are within the reach of postal operation.

Third. Would the regulating tribunal order the introduction of rates that would yield only a 3 per cent return to investors?

Fourth. Would it declare "the average toll and long-distance rates elsewhere are less than one-third those of the United States?" They must be reduced in that proportion here.

Fifth. Would it declare "the Independents collect less than a cent a local call for their service on the average; the Bell rates average more than twice as much"? The Bell system must adopt a universal cent-a-call rate.

Certainly no sane regulating tribunal would take any such liberty with another man's property. The implication that popular or postal rates or service will be attained through "regulation" is, if really meant, simply insincere.

"Regulation" will not accomplish the postal objects of universal and cheap communication simply because society has no right to take chances with other people's property. It may take chances with its own. You go to the Postmaster General and say, "Cut your rates in two and your traffic will double and the service to the public will be similarly doubled." This is, in fact, what was said to the Postmaster General as to

parcel-post rates (10)—and this is what he did, cutting the rates from 4 to 1 and from 3 to 1 cent a pound on the shorter zones—and the traffic has more than doubled while the profits have not suffered (9). Even a small deficit for experimental purposes would be justified, especially if the rate were elastic and the Postal Department could protect itself by adjustments of the rate. If you start out with the assurance that the service would be doubled and the deficit would be 1 per cent, to ultimately disappear with the development of the traffic, a public-service agency like the post office would be more than justified, because in that instance it is losing 1 per cent in one pocket but it is making 100 per cent in the other pocket—the people and the Postal System being identical terms.

The naturally different disposition of the private functionary in such a situation was illustrated by the action of the Bell system with the Chicago & Milwaukee Telegraph Co. case, where it raised the telegraph rate from 15 to 25 cents when it secured control, and thereby reduced the telegraphic traffic by nearly one-half.

Of this experience Mr. Vail remarks:

The Chicago & Milwaukee Telegraph has been set up as an example of the evils of private operation. Why this single line of some 50 miles in length should have been selected is difficult to understand. Any line situated under such favorable conditions, doing business only between two large cities, should and could be operated at rates which could not apply to lines or systems which take business from and to all points, while the peculiar conditions under which this particular line operated put it absolutely outside of comparison, whether with other lines or with any system. The history of this company is well known, and if not known to those who have used it as an illustration, it could have been obtained with little effort.

Built in 1878 by some linemen as a speculation, it was sold to some members of the boards of trade of Chicago and Milwaukee and incorporated with a stock of \$50,000. The business of this line was confined almost exclusively to messages from floor to floor of the two boards, to news service, and to leasing private lines. While it accepted other service, it had no organization to and did not deliver or collect messages except by telephone. The company apparently made large profits, but it must have been at the expense of maintenance and depreciation, for later on the company was reorganized, with a capital stock of \$50,000 and \$50,000 of bonds, and the lines reconstructed. This new company operated until 1905, when it went into receivership, and the lines were operated by the receiver until 1907, when it was offered for sale, and the Chicago and the Wisconsin telephone companies, needing additional lines, purchased it in connection with the American Telephone & Telegraph Co. for toll and long-distance telephone business. This was five years before an interest in the Western Union was acquired or contemplated.

The lines are now used for telephone business principally.

We learn from the above that the line doubled its functions at the same time it nearly doubled its telegraphic rate. It went into use as a telephone line as well as a telegraph line, and secured two sources of income instead of one. This would mean that its expenses of upkeep and maintenance would be divisible between both functions. And yet the telegraph rate was raised 60 per cent. Just so. It is what any private individual would do—seek as much profit from his property as he could. But it seems pertinent here to ask, Where was the regulator? What patron had enough interest in his 15-cent rate to pay the expenses of calling upon the regulator? And if he had called upon him, what would have likely resulted?

In a larger sense the whole theory of regulation, when extended beyond the point of eliminating competition and discriminations, seems to have broken down, especially when applied to the tariffs, even of our railways. We have found that we can not take from the investor his right to determine the rate of interest he shall secure without breaking down his initiative as an investor. The old investment we can subject to any rate of interest the courts will sanction. But in fixing such a rate we have killed the investor's spirit for new enterprises. He will refuse to take the chances of loss where the possibilities of profit are restricted to any percentage which the public may consider rational and moderate. A rate of return, say, 8 per cent, as maintained by the Bell system, even for a property national in scope, is likely as low as the private financier can work with and induce the flow of new capital. And yet the difference between a telephone rate that had to carry 8 per cent for capital charges and a postal-telephone rate that had to carry but 3 per cent would probably determine the feasibility of reducing the average rates of the Bell system—1.86 cents per local call—to 0.93 cents, the average of the rest of the telephone institutions of the world.

GOVERNMENTAL OPERATION AND EFFICIENCY.

Government administration is more or less a game of politics, and while with Government operation it may sometimes be possible to have efficiency it will always be impossible to have economy.

This is a mere assertion utterly at variance with the facts. The efficiency of our telegraphic agencies, in work done per worker, has been shown to be but 8 telegrams per day as against 10.9 for the worker in New Zealand, although the former had a daily traffic supply of 41 messages per office as against 12 for the latter. And although wages are higher in New Zealand the operative cost of the telegram there is about

one-half what it is here. In the matter of the telephone we similarly find the Bell system ranking but ninth in product per employee, while our Postal System in product per employee ranks second at least, and perhaps first, among the nations of the world. In the light of the facts presented under the title of "Efficiency" the quoted declaration can fairly be dismissed.

NEW ZEALAND.

Mr. Vail:

Why New Zealand's experience should be put forth so prominently as a reason for Government operation is difficult to understand. It is a fringe of people on a narrow circumference of the islands. It is a country of recent settlement and many social experiments. It has one-thirtieth the area and one-hundredth the population and a debt already equal to one-third of that of the United States. If the so-called advantages of Government operation are the cause of the debt, the United States wants none of it.

New Zealand has been selected because it is, in price and wage levels particularly, the fairest comparison. If you compare with European rates, the answer of dissimilar and lower wages is at once made. In a comparison of the American wires with those of New Zealand all the conditions—wages, hours of labor, density of population, pole line per 100 inhabitants, supply of traffic per office—are favorable to cheap operation in the United States. The truth is that our telegraph agencies are, economically speaking, a carnival of waste, which only their managerial interests can find a motive to defend. Private initiative—what is it worth when it neglected to add the telephone conversation to the telegraph wire while postal systems were actually doing so?

It is suggested that the public debt of New Zealand is nearly one-third as great as ours. Perhaps; but New Zealand owns her telegraphs, her telephones, and her railroads, and the United States owns nothing.

TELEPHONE DENSITY.

Mr. Vail:

In the United States there are 9.7 stations (telephones) to each 100 population—more than double that of any other country, nearly six times that of Great Britain, over thirteen times that of France, more than four times that of Switzerland. There are nearly 2,500,000 telephones in rural habitations in the United States—nearly one to every two strictly rural habitations.

This is the one fact of real importance presented in the argument for the private financing of this branch of communication. But the same fact is true of the American automobile, and the disproportion is even greater, although the automobile properly enough is under private financing in those countries.

The relative density of our telephones, like the automobiles, is a coincidence of our social wealth. It may never happen that the working classes of Europe can afford a telephone, even at the cent-a-call rate (plus \$7.72 annually after second year) universal in Switzerland. But such a rate here would place the telephone within the reach of the home having an income of \$700 a year and make the use of the telephone as extensive as the action of the Postal System. This would result from our higher wage levels. And with the introduction of the automatic telephone and the consequent reduction of the investment per telephone and the operative cost a cent-a-call rate, competent authorities assure us, would prove amply compensatory.

THE TOLL AND LONG-DISTANCE RATES.

Of this, Mr. Vail observes:

It is claimed that telephone-toll and long-distance charges of the Bell system are excessive as compared with government-owned plants of Europe. This is not the fact if the service given is considered. The charge for the immediate service, which is the ordinary service given by the Bell system, is higher than for the ordinary service, which is a deferred service, given by those systems, but it is not higher than their charge for immediate service; where immediate service is given, if at all, it is from two to three times that for ordinary.

That the facts may be before us I reproduce the rates:

Long-distance tariffs.

Country.	100 miles.	300 miles.	500 miles.	700 miles.
(a) Sweden.....	\$0.08	(a) \$0.13	(a) \$0.20	(a) \$0.27
(b) France.....	.10	(k) .24	(k) .36	(k) .48
(c) Italy.....	.19	(e) .34	(n) .38	(b) .58
(d) Belgium.....	.19	(b) .35	(b) .53	(g) 1.12
(e) Norway.....	.20	(n) .38	(m) .81	(l) 1.26
(f) Denmark.....	.20	(c) .38	(h) .84	.....
(g) Japan.....	.20	(g) .50	(g) .87	.....
(h) New Zealand.....	.24	(f) .54	(e) 1.50	.....
(i) Great Britain.....	.24	(m) .61	.....	.....
(k) Germany.....	.24	(o) .62	.....	.....
(l) Australia.....	.32	(h) .72	.....	.....
(m) Austria.....	.38	(l) .80	.....	.....
(n) Hungary.....	.38	(i) .84	.....	.....
(p) Russia.....	.38	.....	.....	.....
(p) United States (Bell).....	.60	(p) 1.80	(p) 3.00	(p) 4.20

NOTE.—The letters preceding the name of each country are used to identify the countries to which the rates given for 300, 500, and 700 miles belong.

These are ordinary rates quoted for other countries. So is the Bell rate; it is the only rate it has. Some of the other countries have other rates, e. g., the "urgent" (Note 7). If your business will not wait and you must have the communication at once, you may push the "ordinary" patron aside and secure a preferential use of the line by paying.

The same characteristics obtain with the telegram in many instances. The American companies have but one rate, the ordinary, which is twice that elsewhere, and even more for long distances. In other countries a preferential service can be purchased by paying a double rate. But people make no more use of that privilege in those countries than they do here of the privilege of having the telegram repeated back, to assure its accuracy, by the payment of a double rate.

Let it be conceded, for analysis sake, that the American service is, in effect, preferential. With the result, as is stated, that the wires from New York to Chicago are in use less than one-third of the working 10 hours of the day, is there any more occasion that all such service should be "preferential" or "immediate" than that all letters should carry special-delivery stamps? What about the potential traffic that would move at a "take-your-turn" rate of one-third or one-fourth the Bell rates, but which is inhibited by the preferential rates? Is a great public agency of communication justified in confining its service to the merely preferential class; in denying its facilities to the ordinary traffic of our country? Suppose the railways should say, "We shall henceforth run only Pullman cars and the rate shall be three times the rate in the day coach." Our American long-distance telephone institution is copying the methods of the king's haberdasher who does not want the patronage of the \$25-a-suit man, but who has a minimum of \$50 to drive him away. But there are haberdashers who will serve the common man at his price. Our telephone monopoly excludes him in most cases.

But these postal establishments also carry rates that are lower than the ordinary. Their night rates are as follows: France, from 9 p. m. to 7 a. m., three-fifths, and by monthly contract, two-fifths of day rates; Italy, 9 p. m. to 6 a. m., 20 per cent less, by contract, 40 per cent less on 6-minute, 50 per cent on 12-minute, and 60 per cent on 18-minute calls; Denmark, night, about 50 per cent reduction; New Zealand, night rates, one-half of day rates; Germany, night, monthly subscription, one-half day rates; and Hungary, night, one-half rates for press. My experience and information is that the Bell system is withdrawing its night rates. In view of the highly satisfactory state of its finances, is it not pertinent to inquire why?

Mr. Vail admits the financial feasibility of these cheaper rates:

Even at the higher wages paid in this country, a deferred or waiting telephone service, more satisfactory and more dependable than the foreign service, could be given at rates more or less equal to the foreign rates for such service, notwithstanding that the companies here must pay capital charges, including dividends, all administration expenses, taxes, and other charges.

This admission is almost startling. Why are such rates not given, then?

Mr. Vail replies:

Deferred service is not given because our public demands a better service.

But the Bell system can give them both just as the postal systems do.

Again:

In the Bell system the toll and exchange service is immediate; that is, the customer is given service when he calls for it and not put on a waiting list and made to await his turn. Sufficient operating facilities are provided for all the normal peaks of load. The foreign Government-owned plants used for comparison only provide facilities for the average load. Customers must await their turn, which during certain times of the day means hours, not minutes. Such deferred service, causing an even and continuous load during active hours, more than quadruples the possible service which can be given by operators and plant.

The italics are Mr. Vail's.

Now, we know, if Mr. Vail knows, and he has a full opportunity of knowing, that, despite our high-wage levels, the postal-telephone rates of other countries are feasible here. No one would object to their retaining the present rates for their immediate or urgent service, and that done, certainly no patron should have reason to oppose their giving long-distance rates "more or less equal to the foreign rates for such service."

According to Mr. Vail his stockholders would welcome the change. He says:

Deferred service bears to profitable operation of the telephone the relation of the "strap hanger," or "stander," to transportation service, but with this difference: The "strap hanger," or "stander," is getting some return for his discomfort; he is getting to his destination—that is, accomplishing his object. The deferred-service telephone user, while waiting, is not getting anything or anywhere; he is sacrificing his time and possibly jeopardizing the purpose for which he wants the connection.

But what does that signify if the patron prefers it, because he can not pay the preferential rate, but can wait, or because he can make more money waiting or the matter at hand does not require momentary attention. Suppose he is a drummer in New York and his child ill 500 miles away. The "immediate" service rate is \$3, half or more of his daily wages. He can not afford that. But the average continental rate for that distance is only 37 cents. He is at his hotel, and can put in a waiting call, and perhaps save a sleepless night. And Mr. Vail admits that this is practicable. Yes; and as profitable as the "strap hanger to the transportation service."

All this has been true, I presume, for as long a period as these low rates have obtained with postal institutions.

What a commentary on the private conduct of a postal function; what a commentary on the boasted efficacy of "regulation." We have some 40 State public-service commissions and the Interstate Commerce Commission, each with power to act. The above statements have been before them since the early part of 1914; not one of them has acted, despite the well-known fact that the individual patron can hardly have a sufficient financial stake in the matter to undertake a proceeding on his own account. Finally I present this:

Mr. Vail:

Regulation by commissions of high standing, composed of individuals of ability and integrity and good impartial judgment, is the greatest protection to the public interests as against private exactions that ever was devised.

POSTAL EFFICIENCY.

Mr. Vail asks:

Is there anyone who doubts that if the Post Office Department had the organization, the management, that many of the large private industries have it would be possible to give at least the present efficiency and at a much less cost of operation?

Perhaps, if it had the motive. But would it? Does not the experience, just cited, with the long-distance rate rather indicate that we should be paying at least 5 cents for the letter? And with such postage rates, could the average postal employee then have 60,000 mail pieces a year to his credit?

OPERATION.

Operation, economical and efficient, requires high organization continuously maintained, superior methods, and efficient service. There must be supervision by able executives, assisted by experts, all of long experience as executives as well as in the particular industry. They must have large discretionary powers, assume responsibilities, and have undisputed directive authority over subordinates. It is purely administrative and executive in its nature.

And again:

Every new head of a department is of necessity a reformer; his average incumbency is less than four years; there is seldom any continuity of departmental policy and never any continuity of departmental staff. The important assistants come and go with the head.

It is conceded that the above injunctions are sound, and they have not been overlooked in the bill drafted to define the proposition. So far as it is assumed that continuity of technical and expert talent may not be secured to conduct the service as a Government institution, this fear is not sustained by the facts. The Navy and the Army and the Agricultural Departments are each of a kind requiring the kind of special qualifications and continuity of policy assumed. There is in each technical training, expert ability, and even the scientific inventor, as witness Lieut. Col. Squier, whose exploits in electrical invention represent the greatest achievements. Nor is there any break in the required continuity of staff or policy in these cases. Hitherto the Postal System has not seemed to require this, because its methods had become standardized. It proposed its budget to Congress, which was commonly accepted. Development of policy—this was denied it, only because private financiers had absorbed its evolutionary functions in the field of electrical communication. With the parcel post came a new opportunity, which it can fairly be said it has utilized more progressively than any other public service of our time.

But it is proposed to take the telephone personnel and its working practices along with the property; and this includes the superintending staff, the engineers, and entire operating and constructive régime. It is very likely true that it is the best in the world. It ought to be, since the Bell system is not merely the initiator but the largest telephone agency, collecting and expending annually nearly half of the telephone revenue of the world. Moreover, the bill provides a continuing fund for development and extension, without recourse to belated legislative appropriations. The depreciation reserves, which may be deducted from the revenue to the extent of 10 per cent annually, together with \$70,000,000 of bonds to be issued from time to time, are made available for this purpose. With all this liberty of action and the same men in charge as now conduct the properties, unless their nature and loyalty should be revolutionized

by the mere change of ownership, it is hard to understand why satisfactory technical management and mechanical development should not be attained under postal auspices. Much laughter is excited by the spokesman of the Bell system when describing the trouble and delay of the prospective patron in getting an appropriation through Congress so he can get a phone. This objection, if not fanciful, is merely provisional, and adequate provision is made to avoid it in the only bill that has been proposed.

LEGISLATIVE METHODS.

Mr. Chairman, my object has been to present the economic, social, and institutional features of the subject, and so but the briefest discussion of legal questions will be undertaken.

Method of acquisition: The bill proposed itself condemns and appropriates the telephone network, except farmers' lines, to the use of the Government as of a given date. The transfer of title therefore takes place by force of the statute at the same moment for all the many distinct legal ownerships. This method leaves open only the question of valuation, which, under the Constitution, must consist of "just compensation." Possession may be taken anterior to the act of valuation or payment, provided an appropriation is made to cover the amounts of the awards when found. (10 Am. & Eng. Ency., p. 1068.) The Interstate Commerce Commission is constituted a board of appraisal to value the properties without a jury (Nichols on Eminent Domain, secs. 302-306) and directed to report its awards to the parties, and if either objects the valuation is sent for review to the appropriate circuit court of appeals. The Secretary of the Treasury is directed to make payment of the final awards and is directed to issue such 3 per cent bonds as may be necessary for that purpose. On a given date, say, the 1st of January, 1915, the Postmaster General takes possession, retaining the former employees so far as necessary, who are placed in the classified service, which will define the tenure of their employments.

The constitutional power to condemn the properties appears to be clear, independent of the fact that they are means of communication and correspondence and therefore postal instrumentalities. The Supreme Court has frequently decided that the wires possess interstate-commerce characteristics, and has as often affirmatively declared that Congress in its right to regulate commerce may condemn the instrumentalities through which such commerce is carried on; for example, the railroads. (Wilson v. Shaw, 204 U. S., p. 24.) But the constitutional resources are multiple. The military power is now used to construct and operate numerous telephone and telegraph agencies by the War Department, both for Government and private correspondence. The post-offices and post-roads clause, of course, is apposite. It will hardly be denied that the nearly universal postalization of the communicating wires establishes them as postal instrumentalities as much as it does the mail car or pneumatic mail tube, and as to postal instrumentalities the power of condemnation is well established. (Kohl v. U. S., 91 U. S., 367.)

The bill should contain a provision for the allowance of interest on the awards and perhaps its quarterly payment pendente lite, or from the time of Government possession up to the date of payment. Judgments in the Federal courts between private parties now bear interest at the rate provided in the State where the controversy arises; but the statutes do not apply to the Government, which pays none. A rate of 4 per cent is suggested as fair to the parties under the circumstance of a Government guaranty. A greater rate of interest might tempt prolonged litigation in many cases to defer the events of final payment.

It will be observed that the cooperative or "farmers' lines" are excepted from the act of appropriation. There are two reasons for this: First, such lines appear to be giving rates as low as should be desired, about one-half cent per call, and where not already articulated with the commercial lines may be so connected by postal permission. The second reason is that there are some 18,000 to 20,000 of such lines, each under distinct ownership; and if merger into the Postal System be later desired it might be much more efficaciously accomplished by agreements with the Postmaster General than through the methods of statutory condemnation of so great a multitude of ownerships.

The licensing method: To protect its functions and its investments in the field of correspondence it is considered necessary that a monopoly be reserved to the Postal Department for the future, which is according to the practice in nearly all of the leading countries. In our civilization science is likely to develop improved methods from time to time, and it would seem to be the part of prudence to place the postal establishment in a

situation where it could take the primary advantage of such progress as may occur. However, there may be, and frequently is, a period when such innovations are purely tentative and experimental and when it may be desirable to grant the private exploiter a temporary privilege, such as patents are given, in which to put such new ideas into practice. Society might thus employ the fruits of all the pioneering which the Postal System may conduct on its own initiative as well as that of private financiering without the alternative in the latter case of yielding itself over for generations to badly functioning private monopolies. Moreover, there are the present telegraph agencies, which, being left undisturbed, should be placed under license, and thus given definite relations to the postal monopoly.

In order to accomplish these objects the proposed bill first declares a monopoly of the whole field of electrical correspondence and then provides a system of licenses for existing telegraph lines, farmers' lines, and such telephone lines as may be used exclusively by the railways. These licenses may also be extended by the Postmaster General to private parties for developmental construction upon terms to be fixed in the license, so that future conditions and contingencies may be seasonably and rationally provided for without impairment of the principle of postal supremacy.

PARLIAMENTARY PROCEDURE.

Mr. Chairman, since 1871 no less than 17 favorable reports of committees of the House and Senate, providing bills for some form of postal telegraphy, have been made to these bodies. They are:

March 3, 1845. House Report 187, Twenty-eighth Congress, second session. Committee on Ways and Means.
 July 5, 1870. House Report 114, Forty-first Congress, second session. (Washburn.) Select Committee on Postal Telegraphy.
 House Report 115, Forty-first Congress, second session. (Palmer.)
 1872. House Report 6, Forty-second Congress, third session.
 1875. House Report 125, Forty-third Congress, second session. (Gen. Butler.) Judiciary Committee.
 1881. House Report 137, Forty-sixth Congress, third session. Committee on the Post Office and Post Roads.
 1883. House Report 2004, Forty-seventh Congress, second session. (Bingham.)
 1884. House Report 1436, Forty-eighth Congress, first session. Committee on the Post Office and Post Roads.
 1888. House Report 955, Fiftieth Congress, first session. (Rayner.) Committee on Commerce.
 1870. Senate Report 18, Forty-first Congress, second session. (Ramsey.) Committee on Post Offices and Post Roads.
 1872. Senate Report 20, Forty-second Congress, second session. (Ramsey.) Committee on Post Offices and Post Roads.
 1872. Senate Report 223, Forty-second Congress, second session. (Zachary Chandler.) Committee on Commerce.
 1872. Senate Report 242, Forty-second Congress, third session. Committee on Post Offices and Post Roads.
 1874. Senate Report 242, Forty-third Congress, first session. Committee on Post Offices and Post Roads.
 1875. Senate Report 824, Forty-third Congress, second session.
 1884. Senate Report 577, Forty-eighth Congress, first session. (N. P. Hill.) Committee on Post Offices and Post Roads.
 Senate Report 577, part 2, Forty-eighth Congress, first session.
 1896. Senate Document 291, volume 11, Fifty-fourth Congress, first session. (M. Butler.) Committee on Post Offices and Post Roads.

In not a single instance has one of these bills succeeded in getting before either House for a vote. They were crowded out by appropriation bills and other bills having the right to prior attention in the respective sessions. That is, to use courthouse parlance, the court adjourned at each session before the postal telegraph bill "came up" for trial; when under parliamentary practice a new bill would have to be reported at the next session, and so forth, only, however, to fail again for the want of the momentarily valuable parliamentary time. In a generation, I am informed, not a single piece of postal legislation has passed Congress except as a part of the Post Office appropriation bill. Sufficient research would probably disclose that this statement is equally true of legislation relating to the other departments; and Members of Congress will understand why this has been true in the past, and must become increasingly so in the future.

All of which means that there can be no hope for such legislation unless it is made a part of the Post Office appropriation bill. That bill can not be pigeonholed. An independent bill could be, and most probably would be, in the House or Senate. Accordingly, there would be two methods to defeat the measure without its getting a single opposing vote. One would be to have the Post Office Committee report a separate bill; the other would be to have the Committee on Rules of the House to refuse to grant a rule for the consideration of the measure as a part of the Post Office appropriation bill. So far as I know, this committee has never vetoed the action of the Post Office Committee in such a way; and so if the Post Office Committee includes the measure in its appropriation bill, as it did the parcel post, the measure could not fail to come before the House for its action. If this be not done the history of the other 17 postal

telegraph bills would become the history of this. It would simply be the eighteenth chapter in a story of never-ending parliamentary jugglery and calendar failures.

SOCIAL PRINCIPLES.

Mr. Chairman, having discussed the numerous other features, I shall devote my closing remarks to the social and institutional aspects of the subject, namely, the effects of the misapplication of private financiering in the field of public economics. The experience of the United States has been almost unique among nations in this respect, for it is only here that the accepted distinction between private and public financiering has been frankly thrown to the winds. Most people have been compelled to draw a very unfavorable comparison between American and foreign municipalities. With a view to explaining this fact I quote again from the work of Prof. Adams. Speaking of our State and local governments, he says:

The policy of restricting public powers within the narrowest possible limits tends to render government weak and inefficient, and a weak government placed in the midst of a society controlled by the commercial spirit will quickly become a corrupt government; this in turn reacts upon commercial society by encouraging private corporations to adopt bold measures for gaining control of government machinery. Thus the doctrine of *laissez faire* overreaches itself, for the application of the rule which it lays down will surely destroy that harmony between public and private duties essential to the best results in either domain of action.

The great argument against public monopolies is that government is inefficient and corrupt, and this brings us to a consideration of the third class of evils which result from the theory of noninterference as maintained in modern society.

SOCIAL HARMONY MAY BE RESTORED BY EXTENDING THE DUTIES OF THE STATE.

As a class of evils attending the attempted realization of the doctrine of *laissez faire* may be mentioned the injury worked to established government. The policy of restricting public powers within the narrowest possible limit tends to weaken government and render it inefficient; this leads to corruption on the part of public officials, which, in its turn, invites to yet greater corruption in private practices. Excluding for the present Federal administration, no one will deny the inefficiency of the government of our States, while that of our municipalities is generally regarded as a dead failure. This fact is urged by the advocates of *laissez faire* as the strongest argument in favor of their doctrine. See, they say, what a weak and halting thing this Government is; it can not do well what now is in its hands; how absurd to extend the range of its activity. There seems to be sound sense in this statement; and yet, notwithstanding its apparent reasonableness, it is believed to rest upon superficial reasoning, for it commits the grave error of mistaking a result for a cause. I would not go so far as to say that the statement would be wholly true if turned end for end, but there is truth in the charge that the inefficiency of local government is, in a large measure, traceable to the endeavor to realize the *laissez faire* policy among a people whose energies are directed by the commercial spirit.

The policy of progressive denial of function and the consequent lessened ability of the functionary for efficient service is thus illustrated:

The advocates of noninterference have treated the Government as the old physicians were accustomed to treat their patients. Was a man hot, he was bled; was he cold, he was bled; was he faint, he was bled; was he flushed, he was bled; until fortunately for him he passed beyond the reach of leech and lance. This has been, figuratively speaking, the form of treatment adopted by the people of the United States for their local governments, and it has worked its natural result of feebleness and disintegration.

It is quite possible that some of my readers will protest against such a presentation of the case, resting their criticism upon the well-known tendency toward an increase in legislation in these latter days. This is what Mr. Spencer complains of, and it is also the occasion of that remark, so often heard, that sessions of legislatures are far too frequent. But there are two thoughts which suggest themselves in reply to such criticism:

First. The multiplication of laws, so far from being out of harmony with the theory of individualism as understood by democratic peoples, is a natural consequence of its general acceptance. A philosophy of social relations, like that of *laissez faire*, which tends to efface the sharp distinction between public and private interests, must inevitably result in an extension of pernicious legislation; for, under the direction of such a philosophy, men feel themselves warranted in using public machinery for private ends. This conclusion is fully sustained by considering the nature of the bills which gain the approval of our modern lawmaking bodies.

Second. It is believed that the above criticism mistakes the true center of public power. The importance of government or the extent of the functions assigned to it is not measured by the amount of legislation which its lawmaking bodies turn off from year to year, but rather by the nature of the administrative duties imposed upon it. Indeed, the stronger the executive department of a government, the less opportunity there will be for particular legislation, and the more likely it will be that such laws as are passed will conform to the just requirements of general laws. It is especially the administrative functions of government that the doctrine of *laissez faire* attacks; and the strength of the attack lies in this, that individuals desire the opportunity of performing services of "collective interest" under the ordinary rule for private financiering. It must, then, be admitted that the above criticism does not touch the point. The increased legislation which we all deplore does not prove that government is growing strong and extending its range of duties; it is rather the evidence of increasing weakness, for it shows that the government is incapable of adequately defending the public against the encroachment of individuals.

The constitutional history of the various States of the Union, so far as it pertains to the legal restrictions imposed upon their administrative powers, bears directly upon the point under consideration. I can

not, of course, present even the outline of this history, but there are two facts well worth a moment's notice. The contemporaneous growth of the power of corporations, on the one hand, and of municipal corruption, on the other, bears for us a deep significance. The rise of corporations into such power that they menace the stability of society, by controlling in their favor legislation, dates from the time when the States were deprived of all direct control over inland transportation.

The causes of State and municipal corruption are said to inhere in such a situation:

In all matters where any possible question arises between government and corporations the advocates of governmental control are obliged to prove their case. At the present time the waterworks in many of our towns are managed by private companies. It is the exception for gas to be supplied through public works, while there is no city, except now Cleveland and San Francisco, so far as I am aware, that maintains control over its street railways. And in perfect harmony with this whole line of policy is the morcellation of government among separate and independent boards rather than the concentration of power in the hands of responsible officials in such a manner as to make it worth their while to attend to business. Under the sway of this policy municipal government has become corrupt, while in many cases corporations have passed the bounds of all decency. These two tendencies have developed contemporaneously, and the question is whether there is any casual relation between them.

As I view the matter, there is certainly a close relation between the rise of the menacing power of corporations and the rise of municipal corruption. They are both an inevitable result of the too great confidence that has been placed in the regulative potency of competition on the one hand and the too great suspicion with which governmental action is viewed on the other. It is impossible, as society is at present organized, properly to correlate public and private duties. The motives leading men in one direction are overpoweringly strong when compared with the motives leading in the other direction. And under such circumstances it is futile to expect that either domain of activity will exercise a healthful regulating influence upon the other.

A line of demarcation between public and private functions essential to moral order and efficiency is presented:

The basis of this distinction has already been suggested. We have said that society, being the fundamental fact disclosed by an analysis of human relations, confines within itself all individual growth and action. The activity which it displays is either public or private; that is to say, the activity of the State, embracing all governmental functions, or that of individuals or corporations, which is undertaken for private ends. But the important point that should be noticed in this connection is that these departments of social activity are constantly acting and reacting each upon the other. The line which separates them is clearly defined so far as the principles are concerned to which each must conform, for the one is subject to the rule of public and the other to the rule of private financing; but the growth of society demands continuous modification in the assignment of specific functions. Recognizing, then, the mutual relations that exist between public and private duties, it is easy to understand why failure to achieve the best results in one department of activity must injuriously affect the other; and the pertinent question for one who would direct by his thought the development of society is, Under what conditions may the best results be expected from both departments of activity?

This question has already been answered. The best results may be expected when the duties assigned to public officials and the functions performed by private individuals are so correlated that the inducements offered are of about the same strength in both domains of activity. It is, of course, necessary, in applying this rule, to take into consideration other than merely pecuniary motives by which men are led to act. Considerations of social distinction, the desire to exercise such powers as one may possess, the pleasure of filling well a responsible position—indeed, all the varied demands of human nature must be admitted into the account.

The neglect to observe these fundamental conditions, the depreciation of the public functionary, and the demoralization of the invader of public functions are treated thus:

In our own country, on the other hand, one observes that society has developed in the opposite direction. The great prizes here offered are in the line of individual initiative. Our civil, State, and municipal service is so poor that an official has no social position, while a business man who accumulates money is generally regarded with deference. The salary paid by the State is nothing when compared with what men of ordinary talent may secure, either as profit, if engaged in business on their own account, or as salary if working for a private employer. It is therefore no occasion for surprise to learn that in this country we have very perfect sewing machines but poorly administered cities.

One can not fully appreciate this view of the case without calling to mind the possibilities of acquiring wealth in a rapidly developing industrial society. The atmosphere of such a society is intensely commercial, and not only do men of ability and energy refuse to consider a public position as desirable to themselves, but they regard with supercilious condescension one who is willing to assume public office in a municipality. And it may be added in this connection, as bearing on the question of municipal corruption, that the moral judgments of a public officer are very much like those of his neighbors who elect him, and the sentiments which give color to the transactions of their daily business will probably give color to his administration. But the ordinary business life of the nineteenth century is such as to render men familiar with methods of speculation and to conform their ethical principles to the law of supply and demand. The spirit of speculation partakes in character of the spirit of gambling. It judges all businesses undertaken on the basis of their pecuniary success, and has little care for the equivalent given for what is gained. A fine sense of what is just can not exist where it prevails, nor can a delicate appreciation of what is honest be long retained by business men.

In his excellent work upon the Philosophy of Wealth, Prof. Clark portrays the moral effect of this transformation in the following language:

"The man of the present day is actuated now by one influence, now by the other, and has two distinct codes of outward conduct. Moral philosophy, indeed, teaches that his fundamental character is one and unchanging; but as there is one code of practical conduct for war and

another for peace, so there is one for mercantile life and a different one for the family, the social circle, and the church. The man of business is constantly passing from the jurisdiction of one code to that of another.

"It is a common remark that business practices are not what they should be, and that a sensitive conscience should be left at home when its possessor goes to the office or the shop. We helplessly deprecate this fact; we lament the forms of business depravity that come to our notice, but attack them with little confidence. We are appalled by the great fact of moral dualism in which we live and are inclined to resign ourselves to the necessity of a twofold life."

And what of the effect of these perversions upon the ambitions of public men?

Suppose, now, that a man of good intentions came into office in a community breathing the atmosphere of commercial speculation—let us say the office of mayor in his town or governor in his State—what does he see upon looking into the society whose welfare is placed in his hands? He sees it to be no uncommon thing, where contracts are uncontrolled and where the rule of individual ownership is indiscriminately applied to all of the agencies of production, that fortunes are established in the hands of men and families having no peculiar right to them. He sees also that many businesses which from their very nature must be carried on as monopolies are given over to private control; that the principle of private financing is applied to them with all its vigor; and that in this manner large fortunes are accumulated and large power over men acquired, exceeding by far the importance of any individual to society. He sees also that in many businesses naturally subject to the regulating influence of competition artificial combinations are established by means of which monopoly prices are secured from customers. But such privileges as these can not pass unchallenged, and it follows that the important lawyers of every town are retained at large salaries to defend, by their tempered talents, the privileges that monopolies have secured, while other lawyers are hired to depart from their legitimate profession to secure for business men some special legislation. Yet all this lies within the law. It can not be branded as corrupt, although the least sum taken by a public official beyond his stated salary is properly called robbery.

As contrasted with this state of affairs, what does our successful candidate see in the office to which he has been elected? He will not long remain an incumbent before discovering that the position which he sought—as a dignity brings with it no honor. What he thought to be a place of responsibility and power proves to be the center of no great influence, demanding in reality little beyond the perfunctory duties of a ministerial officer. He finds there is small demand for the exercise of judgment and a narrow field for the development of manly faculties; he also learns through the sinister suggestions of those whose personal interests he does not forward that his tenure of office is insecure; and last of all, he finds that his salary does not suffice to keep his family respectably in the social circles in which they wish to move and that the gratitude of republics does not extend to provision for their servants against sickness and old age. Repeating again the assumption that our candidate is honest—at least within the meaning of the law—and that he is conscious of ordinary business capacity, we are warranted in concluding that the career of an official will not harmonize with his tastes. He will, upon the first opportunity, retire to private life, which presents larger scope for efficient activity and where the prizes to be gained are much greater.

Such are the conditions of a public career in most of the municipalities of the United States, and observed results are altogether what might have been expected. The incumbents of local office are usually men of indifferent ability. If not actually depraved, they are at least colorless in character. Among "city fathers" of this sort there appears from time to time the shrewd yet unscrupulous man who for personal aggrandizement assumes complete control over public affairs. This is the explanation of "rings" and "jobs." Public corruption therefore is no accident. It is the necessary result of the idea that the best thing to do with a public official is to lay him on the shelf out of harm's way.

Is it not, then, correct to say that the theory of noninterference, which regards individual enterprise as the only proper depository of industrial power, and which relies wholly on competitive action as the guaranty of fair treatment in business affairs, is an obstacle to the restoration of harmony in social relations? Under the influence of the sentiment engendered by this theory we see corporations to have attained power at the expense of the importance of the States; we see the symmetry of government to have been destroyed; we see the line between public and private interests to have been practically effaced; and, as a natural consequence, the machinery of government easily perverted from its high purpose to serve the private ends of corporations and individuals.

A concrete case of what Prof. Adams has in mind may be given. It relates to the telephone in San Francisco: The Pacific States Co., a Bell company, and a rival, the Home Telephone Co., were engaged in a struggle for possession of the field, with stupendous bribes as their weapons. The Schmitz-Reuf combination was in political control. The following narrative is from McClure's Magazine for February, 1911, in the form of a dialogue between "Boss" Reuf and Detective Burns:

"What next?" said I [Detective Burns], when the gas case was finished.

"The Home Telephone Co.—\$120,000. Sixty thousand went to the board of supervisors, through Gallagher; the other sixty thousand was divided between Schmitz and me."

("Thirty thousand apiece for them," said Burns, interrupting his story, "while each of the 18 supervisors, poor devils, who were necessary to grant the franchise and who served as a cloak, were glad to get away with their little three thousand apiece.")

There were absolutely no bounds to Reuf's greed. He is the only boss I've ever heard of who never showed an atom of loyalty or gratitude to those who served him. He admitted that, although for years he had received from the Pacific States Telephone Co. \$1,000 a month, when Detweiler, of Toledo, president of the Home Telephone Co., outbid the Pacific States, he went over straightway. And in connection with the transaction Reuf told this story:

"The Pacific States Corporation," said he, "attempted to do some individual bribing of the supervisors on their own account. They

thought they could beat me," and Reuf swelled out his chest. "Their local agent, Theodore V. Halsey, had made an arrangement with Boxton, of the board, who had promised to procure the pledges of 10 of the supervisors to favor the old corporation—a majority of the 18, you see—when I was informed by some of the board of what was going on. They came to ask me what to do. 'Sure; take the money from the Pacific States people,' I advised. 'All you can get. And then give them the double-cross.' So Halsey started his little game," said Reuf. "Oh, he thought he was laying me out. He engaged a room in the Mills Building; Krause, his secretary, who has since committed suicide in Europe, ushered the supervisors into the inner office, where Halsey handed each a package containing from twenty-five hundred to five thousand dollars. Halsey told them that the balance, making ten thousand for each, would be given them at the expiration of their terms of office, provided they refused the franchise to the Home Telephone Co. 'Halsey paid out about \$75,000 in this way,' grinned Reuf. 'Then, when the Home people got their franchise, he went wild. He came to me and wept and begged me to make the supervisors give him back his money; he said he'd lose his job if he didn't get it back. 'It serves you right, Halsey,' said I, 'for trying to steal my supervisors from me.' (Burns imitated Reuf's virtuous indignation.) 'But I'll see what can be done.' I then told the supervisors to return to Halsey one-half of the Pacific States Telephone bribe; I knew they wouldn't; only two of them did."

"But I was going to tell you the Reufesque windup of this telephone affair," Burns resumed. "For in this case the boss surely did shine as a dyed-in-the-wool grasp-all. He forced the supervisors to credit their Halsey money to the Home Co.'s account. The Pacific States actually paid their rival's bribes to the supervisors and Reuf pocketed all the Home people gave."

The San Francisco conditions have not been repeated in every city, at least not to the same degree, although they are implicit wherever the temptation and prize are equal, and the municipal government has been weakened by the policy of denying it its powers.

The Federal administration has been excluded—very justly, I think—from the above desertation on the causes and character of municipal weakness and inefficiency. Its functions have not been so badly neglected, and agencies like the Interstate Commerce Commission, the Agricultural Department, the Army and Navy, and the postal system have made it administratively reliable and respected. This fact is recognized by Prof. Adams. He says:

So far as the Federal Government is concerned, the extension of its powers thus far does not seem to be open to severe criticism, and we are only solicitous as to what this tendency will bring about in the future. The present condition of affairs is easily stated. Men are now coming to realize the disastrous consequences likely to emerge from the continued sway of irresponsible corporate power. They see that an extension of governmental agency can alone retain for them the fruits of an advanced industrial civilization; and, inasmuch as the States are incompetent to deal with such difficult questions, they turn of necessity to the Federal Government.

Municipal phone administration: There has been some suggestion that the interurban and long-distance lines be run by the post, but that the local exchanges be left to municipal administration. The above reflections on the present municipal situation with respect to administrative deficiencies seem to preclude that course. But even should the administrative capacity of our municipalities be restored, as foreign and many home examples indicate they shall be, yet there are grave institutional and objective reasons why the wire service should be completely postalized instead of, as suggested, being partly municipalized. It is the same thing as proposing that the mail trains and the rural delivery should be in the hands of the Government, but that the local post office should be run by the mayor. The examples of all the world are against such a method.

Some of the reasons for this postal solidarity in phone administration in countries like England, Switzerland, and Germany, possessing full-fledged local governing institutions like our own, but exempt from the inefficiency charges we must bear here, are not unlikely the following:

First. Wastes of personnel service in maintaining and management of distinct institutions. Thus during breakdowns of the wires in storms local and long-distance men can be concentrated for immediate relief, if there be but one management.

Second. The postal institution articulates with and embraces all varieties of the population, whether massed in cities, towns, villages, or individual homes. The municipal institution, on the other hand, is limited to a corporate area, while many towns and villages have no administrative machinery and no means of supplying it, whatever the cost.

Third. The postal system by virtue of its universality is able to standardize its rates and service by employing the principle of averages, and thus is able to universalize the service, extending it to points which, while generally necessary, might be locally unprofitable.

It is not perceived what municipal administration of the exchanges could offer in the way of advantages over the postal method, and no such arguments have been presented. Its advocates are probably wholly influenced by the doctrinal view

which deprecates all appreciation of Federal activity where local action is possible. But the makers of the Constitution, even in their day, strongly impressed as they were with a preference for local authority, plainly distinguished the function of communication as dominantly Federal in its character, and so treated it in their grant of powers. There does not seem to be any claim that the Federal discharge of the full postal function of communication would throw the Federal and the State and local governments out of equilibrium. The amount of Federal expenditures is probably much exceeded by the combined municipal, county, and State expenditures. In 1912, the latest data, the Federal expenditures were less than 40 per cent of the whole public expenditures, a disparity which is likely to have continuous growth as the local governments take up the much-needed road improvements of the future—a field they might occupy to much greater advantage and a field likely to fully tax their financial resources.

RÉSUMÉ.

Mr. Chairman, I am only too conscious of the extreme advantage I have taken of the courtesy of the House, and now wish to conclude with a hurried summary of the leading features of the discussion. To be brief, the investigation discloses that our telegraphic rates are the highest among 18 countries, running from 25 cents to \$1, while in other countries they average about 12 cents, or a cent a word. The result of these abnormal rates is that we rank but thirteenth as telegraph users, with one and three-twentieths telegrams per person to our credit per annum, while in New Zealand, with the 12-cent rate and our price and wage levels, the use of the telegraph reaches as high as 9 telegrams per person.

Against these conditions it appears that our postal rates average lower than other countries, and that the number of letters here—101 per person—is the highest in the world.

The telegraph companies seem to be lacking in institutional economy or efficiency. The operation of sending a telegram is loaded down with 74 incidental services and processes, not less than 50 of which would be replaced by affixing the postage stamp. Notwithstanding they have the greatest business per office, yet their daily product is 8 telegrams per employee, against 11 for New Zealand, with less than one-third the business per telegraph office. The American inefficiency is further exaggerated by the duplication of telegraph offices in all the important towns and cities, and the denial of the service at many thousand necessary points.

A striking feature is the discovery that the telegraph service is a relatively declining institution, and that it would be unwise now to postalize it alone and as a single service. For 10 years in England the number of telegrams has been actually stationary. To take over the telegraph lines alone and operate them merely as telegraph lines might result in postal bankruptcy. Separated from the telephone, they are not now surely self-sustaining as mere telegraphs. Because you would rather talk with than write to a person, you use the telephone rather than the telegram, if the rates permit. In Germany, where both telegraph and telephone rates are normal, there are five times as many toll or long-distance conversations as there are telegrams, and even in the United States nearly twice as many. There would be no advantage in taking over the telegraph lines; the investigation makes this clear.

But our toll and long-distance rates compare with those of other countries even less favorably than do our telegraph rates. The average interurban receipt in Germany is but 4 cents; here it averages 21 cents. The long-distance rates here are made on a scale of 6 mills a mile per three-minute conversation, as against an average charge of about 7 mills a mile received by the railways for transporting a ton of freight. The average charge on the Continent for a 300-mile talk is 30 cents; here it is \$1.80, or six times as great. It is not unfair to say that the American interurban telephone rates are the scandal of public-service rates the world over. The American telephone monopoly takes the last place among 17 countries with regard to the lowness of these rates.

With respect to local telephone exchange rates, we have three main divisions—the farmers' lines, which cost the average subscriber about a half cent a call; the independents, which cost a little less than 1 cent a call; and the local rates of the Bell monopoly, which average a little less than 2 cents per call, or twice the average charge in other countries. While our postal rates give us the first rank in lowness of charges, this company ranks but twenty-ninth among 31 telephone systems with its local charges, and we are one among only three countries where the average local rate approximates the rate for letter postage.

The subscribers' rates in American cities, compared with continental cities, are about three times as high. For example, New York, where 5,400 calls, about 15 per day, under a measured service tariff cost more than the four unlimited yearly rates of London, Paris, Berlin, and Stockholm together. For like services, Baltimore people pay more than the rates for London and Paris combined, and Washington pays as much as the five cities of Amsterdam, Rotterdam, Auckland, Tokyo, and Copenhagen combined. In postal-telephone countries the local toll tariffs tend to run about one-half the charge for a letter, while here it runs with the street car fare, and sometimes exceeds it, when it is three times the letter rate.

While competition does not supply a remedy because it divides the service and necessitates the payment for two phones, yet it throws an interesting side light on the tendency of a private monopoly to jack up the rates. Thus of 60 of the great American cities, 24 averaging 342,486 in population, pay an average annual phone rate of \$53 under competition; while the other 36 cities, averaging but 188,629 in population, without competition, pay an average rate of \$81. Since competition can only augment the total cost of operation it is apparent how private monopoly and high rates go hand in hand.

Telephone development has reached its substantial limits in the United States under private capital with the extension of the service to the very profitable office and well-to-do home traffic. To extend it to the homes of the masses, as the public roads and Postal Service now are extended, the postal agency is necessary. If the telephone lines are postalized, both the telephone and telegraph business can be done over them, as in other countries, where a telegram and a conversation go over the same wire at the same time. It will be unnecessary to take over the telegraph lines here, as both kinds of communication can be handled on the telephone wires, which exceed the telegraph wires in mileage and geographical distribution.

The telegraph lines would have to be substantially reconstructed to add a telephone business to them, while the addition of the telegraph instruments to the telephone wires may be accomplished at a negligible total cost. This circumstance shows the weakness of private monopoly. Instead of duplicating the telegraph network with a separate toll and long-distance system as the American Telephone & Telegraph Co. has done, the postal telegraph countries have made the one network serve for both functions, by articulating the telegraphic with the telephone exchanges.

The cost of acquiring the telephone networks is indicated as about \$1,000,000,000; for which it is proposed to issue 3 per cent bonds, payable in 20 years. It is calculated that the Postal System by superimposing the telegraph service on the telephone lines at half present telegraph rates may net some fifty millions annually from that traffic alone, which, with the present profits of the telephones, and after the deduction of interest on the bonds and depreciation, would supply the department with a large surplus for extensions, and so forth.

The telephone rates should be worked out experimentally by the Post Office Department in a few years, with the assured prospect of ultimately securing telephone and telegraph rates, like our letter rates, as low as those abroad. That is, rates about half those now obtaining for the telegraph and local telephone services, and about one-fourth those charged for the long-distance telephone conversation. Our other postal rates, including the highly profitable parcel-post rates, have been made as low as in other countries, and the indications are that like results can be obtained for the wire service when postalized.

The suggestion that the interurban and long-distance lines alone be postalized and the telephone exchanges be left to the municipalities is found to be unsound. The postal system can finance and operate the exchanges the more economically and efficiently, and the divorcement of the exchanges from the interurban and long-distance lines would necessitate the maintenance of two personnels at substantially increased cost. It would be like divorcing the local post offices from the Post Office Department and turning them over to the mayors to run. The towns and cities have enough to do if they give proper attention to those utilities which are distinctly local. Moreover, the farms and countryside villages which are without local administrative governments would not be reached by a municipal service.

The financing of the acquisition and the valuations of the properties would cover several years; and while the properties should be taken at one time with their personnel and systematized the payments for them would have to await the final valuations by the Interstate Commerce Commission, the Treasurer paying the owners 4 per cent interest quarterly during the interim. The financing would thus be decentralized into as

many payments as there are distinct legal ownerships. It is not thought this financing would involve difficulties seriously greater than those of the Panama Canal. Switzerland has recently successfully financed the purchase of her railways, amounting to about \$50 per capita, while the telephone acquisition here would be less than \$10.

With respect to management, it is found that our postal system is highly efficient. It ranks next to the highest—Belgium—among 16 countries, and perhaps is actually in advance of her. Our product per average postal employee in 1912 was over 60,000 mail pieces per man as compared with Germany at 37,000 and France at 34,000, countries which rank eighth and tenth, respectively, in postal efficiency. In the matter of telegrams handled per employee, our companies are outranked by New Zealand, notwithstanding the concentration of the telegraph business in a relatively few offices here. The Bell telephone monopoly ranks but ninth in operative efficiency among 16 countries. In 1912 it handled 64,000 telephone calls per employee, as against 118,500 per employee in Norway. This is mainly because its abnormal rates condemn the operative plant to comparative idleness—its interurban lines show but 8 per cent of utilization as against 19 per cent in Germany—while the number of operators engaged in maintenance and other services remain the same, whether the phones are actively or but sparingly used. The Postal System with normal rates might easily double the Bell efficiency in number of calls per employee, and the independents do better it greatly on account of their lower rates and consequent higher utilization of plant and personnel. With the number of calls thus doubled, the expense per call would be practically reduced one-half, and it may thus be seen what the postal motive could accomplish in rate reduction without substantial increase of expense. This illustrates the natural infirmities of private monopoly exercising a postal function, it is without a motive to double the service even where expenses and profits will remain the same.

RECAPITULATION.

Standing of the United States on telegraph rate, eighteenth highest in 18.

On long-distance rate (Bell system), fifteenth highest in 15.
On local telephone rate (Bell system), twenty-ninth highest in 31.

On letter rate, second lowest in all.

SOCIAL UTILIZATION.¹

Letters, first in all.

Telegrams, eleventh in 16.

Long distance, eighth in 16.

Telegrams and long distance, thirteenth in 16.

Number of phones, first in all.

INSTITUTIONAL EFFICIENCY.²

Postal Service, first in 16.

Telephone service (Bell system), ninth in 12.

Telegraph service.³

The United States exceeds other countries, on telegraph rates, 125 per cent.

On local telephone rates (Bell system), 100 per cent.

On long-distance rates (Bell system), 300 per cent.

Such, sir, are the results of a business and economical survey of the field of communication by electricity. In the domain of public morals the lesson is not different. The perversion of the laws of public and private financing, by which public governments have been disinherited of their normal functions, has led to such corruption and demoralization—of the functionaries giving and the alien claimants receiving the despoiled inheritance—that cities like New York with its street railways, Philadelphia with its gas works, and San Francisco with its telephones, have shamed the scions of Roman corruption in their most dishonorable days. The policy of weakening these governments by alienating their functions to ambitious private finance has made them despised and attractive only to such weak political creatures as see opportunity for individual enrichment. Compare them, sir, with the proud cities of other lands, undespised of their rightful attributes of public service and where public position gives honor, prestige, and respect.

¹ That is, number of communications per capita.

² That is, in product per employee.

³ See discussion of telegraph efficiency. Our companies are probably among the very lowest, considering the small number of offices they operate and the consequent density of traffic. They are like the Russian postal system. It maintains only 15,701 offices in an area much larger than the United States; about one-quarter the number maintained here.

TABLE A.—Unlimited service.

Country.	Exclusive.	Each of 2 parties.	Per additional party. ¹	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Denmark:							
1. Zealand (Seeland) and Amsø Isles.						\$1.21 per additional 0.062 mile.	
(a) Copenhagen.	\$24.00	\$17.40			555,400	0.75	
(b) Outside—	37.36					1.	
2. Moen Island.	10.70						City.
3. Stege City.	13.40				14,100		Radius of 12.5 miles.
4. Langeland and Falster Islands.	16.00				2,500		
5. Fyen Island.	10.70				105,000		
6. City.	20.00						Entire system.
7. Langeland Island.	33.50						Only city.
8. Aero Island.	12.00-14.75				19,000		
9. Jutland district.	16.00				11,000		
(a) City.	10.70				1,198,500		
(b) City and suburbs.	16.00						City.
10. Veile.	9.25						City and suburbs.
11. Veile and suburbs.	17.40				16,200		City.
12. Samso Islands.	17.40						City and suburbs.
13. Bornholm Island.	16.00				41,000		
France: ²							
Paris system.	77.20		\$9.65			Old city limits.	
Lyons system.	57.90		7.72			do.	
Other systems and places.	28.95		7.72		(*)	In all other cases subscribers for unlimited service pay cost of connection at the rate of \$2.90 or \$3.85, respectively, per 328 feet of single or double line in air; 3 times that amount for underground line.	
	38.60		7.72		(*)	3.10 miles; \$1.20 per additional 0.062 mile.	Local, adjoining, and such neighboring places as do not pay a higher fee than the place of origin of the call, \$1.76 per additional apparatus in the same establishment; \$7.11 outside of it.
Germany.	19.04			10 50			
	23.80			100			
	28.55			200			
	33.32			500			
	35.70			1,000			
	38.08			5,000			
	40.46			20,000			
	42.84			11 20,000			
Great Britain:							
London.	82.75					2 miles.	London system.
Hungary:							
Budapest.	57.90						
Budapest and suburbs.	69.48						
Other cities.	23.16						
Other cities and suburbs.	46.32						
Province—							
Same district.	11.58						
Inter-district.	23.16						
Connection with city.	27.79						
Inter-Province—							
Border districts.	27.79						
Italy.	13 38.60					1.87 miles; per additional 0.122 mile, \$1.16 or (underground) \$1.55 is allowed to be charged.	Local system.
	57.90						
Japan.	34.00	25.00				Class A, B, C, D, city. Out of city \$1 is added and the cost of connection to city limits.	Local, adjoining, and suburbs.
	28.00	22.00					
	25.00	19.00					
	19.00	16.00					
Luxemburg.	19.30					Local. Within 0.93 mile from main line, subject to charge of cost of connection.	Entire Duchy.
Netherlands:							
I. Government networks—							
Alphan.	14.00					0.31 mile; per 0.062 mile beyond.	Entire network.
Bergen.	14.00				13,091	\$1.20 up to 3.10 miles.	Do.
Boskoop.	14.00					\$2 up to 3.72 miles.	Do.
Culenborg.	14.00					\$2.80 up to 4.34 miles.	Do.
Eukhinzen.	14.00				6,733	\$3.60 up to 4.95 miles.	Do.
Goes.	14.00				6,746	\$4.40 up to 5.58 miles.	Do.
Gorinchem.	14.00				11,879	\$5.20 up to 6.20 miles.	Do.
Harlingen.	14.00				10,308	\$6 beyond 6.20 miles.	Do.
Heerenveen.	14.00						Do.
Heerlen.	14.00						Do.
Lochem.	14.00				3,979		Do.
Neuzen.	14.00						Do.
Noordwyk.	14.00						Do.
Rozendaal.	14.00				11,311		Do.
Staalwyk.	14.00						Do.
Winterswyk.	14.00				9,879		Do.
Zandvoort.	14.00						Do.
Zierikzee.	14.00						Do.
Lisse and branches at Stilleborn and Sassenbeim.	20.00					3.10 miles.	Do.
Nymegen.	18.00				55,828	3.10 miles.	Do.
Rheden. ¹⁴	20.00						Do.

¹ In addition to the connection charges at the rate given in column "Distance from exchange in miles."

² Private business.

³ Private.

⁴ See area.

⁵ In France, towns within a radius of 15.5 miles from certain cities (17 in all) are included in the system of the respective city. Paris appears to embrace a larger radius, including 50 or more towns and cities.

⁶ Only in the same establishment.

⁷ See remarks. (Distance from exchange in miles.)

⁸ Below 25,000.

⁹ Or over 25,000.

¹⁰ Up to.

¹¹ Above.

¹² Maximum for air line.

¹³ Maximum for underground line. The maximum rates are not usually charged.

¹⁴ The central office being Duren and branches at Steeg and Velp.

TABLE A.—Unlimited service—Continued.

Country.	Exclusive.	Each of 2 parties.	Per additional party.	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Netherlands—Continued.							
II. Commercial networks—							
Amsterdam.....	\$36.00				566,200		Entire network.
Apeldoorn.....	16.00				35,800	1.55 miles; per additional 0.062 mile up to 4.65 miles 60 cents; beyond, 80 cents.	Do.
Arnhem.....	18.00				64,000	Out of commune, \$40.	Do.
Assen.....	16.00				12,900	1,864 miles; per additional 0.062 mile out of city, \$1.	Do.
Doesburg.....	18.00				4,500	Local. Per 0.62 mile out of city, \$1.20.	Do.
Edam.....	16.00				6,600	1.24 miles.	Do.
Findhoven.....	20.00					Beyond 1.24 miles.	Do.
Enschede.....	14.00				87,000	0.93 mile.	Do.
Do.....	14.00				34,200	Local.	Do.
Hague (The).....	26.00	\$16.00			271,300	1,864 miles.	Do.
						Same in Voorburg and Ryswick. Outside of these cities, \$2 per additional 0.062 mile, with minimum of \$32 exclusive; \$20 each of 2 parties; \$15.40 each of 3; \$13 each of 4; the rate per 0.062 mile for parties being \$1, \$0.68, and \$0.50, respectively.	
Helmond.....	14.00				14,800	Per 0.62 mile out of city, \$1.20.	Do.
Kampen (city).....	18.00				19,246	Per 0.062 mile out of city, 80 cents.	Do.
Kampen (commune).....	22.00					0.76 mile; per 0.62 mile in addition, 80 cents.	Do.
Katwyk.....	18.00					Out of commune 40 cents per 0.062 mile.	Do.
Maastricht.....	16.00				37,500	Per 0.62 mile out of city, \$1.20.	Do.
Meppel.....	14.00				11,000	1,864 miles.	Do.
Do.....	20.00					Beyond 1,864 miles; per 0.62 out of city, \$1.20.	Do.
Oldenzaal.....	16.00				66,000	Per 0.062 mile out of city, 60 cents.	Do.
Purmerend.....	14.00				5,800	0.62 mile.	Do.
Do.....	18.00					Beyond 0.62 mile; per 0.62 mile out of city, \$1.20.	Do.
Rheuen.....	18.00				6,000	0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
Rotterdam.....	\$26.00				417,900		Do.
Do.....	\$36.00						Do.
Elledrecht.....	20.00				9,892	Central part of commune. Per additional 0.062 mile, \$1.20.	Do.
Sneek.....	16.00					0.31 mile; per additional 0.62 mile, \$1.60.	Do.
Veulo.....	18.00				17,100	Per 0.62 mile out of city, \$1.20.	Do.
Wageningen.....	14.00				9,600	1,864 miles.	Do.
Do.....	20.00					2,485 miles.	Do.
Do.....	24.00					3,106 miles.	Do.
Wyk by Duurstede.....	18.00				3,000	0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
Winschoten.....	16.00				9,700	0.466 mile. Per additional 0.062 mile, \$1.20.	Do.
Woerden.....	18.00					0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
New Zealand:							
Private.....	24.35	17.00	\$14.60			1 mile.	Do.
Business.....	24.35	21.87	19.47			1 mile.	
If service continuous.....	34.05	26.74	24.34			Parties: 1 mile per party.	
Norway:							
Trondhjem.....	\$18.76	\$18.00	\$9.11		45,228	0.93 mile.	
Sarpsborg.....	\$13.40		\$5.35		9,300	City.	
Drobak.....	\$10.72		\$5.35		2,800	do.	
Brevik.....	\$10.72	\$8.58	\$4.29		2,200	0.62 mile.	
Farsund.....	\$10.72		\$4.29		1,500	City.	
Voss.....	\$10.72		\$4.29		7,700	0.62 mile.	
Levangor.....	\$10.72	\$8.04	\$6.43		1,977	9.93 miles.	
Bvdo.....	\$13.40	\$10.72	\$4.29		4,300	City.	
Larvik.....	\$16.08		\$4.29		10,151	0.62 mile.	
Tromsø.....	\$16.08		\$6.70		10,000	City.	
Russia:						1.33 to 2 miles.	Do.
Akerman ¹⁰	\$37.50			154	32,470		
Alexandrowsk.....	\$37.50			288	42,180		
Balaklava.....	\$62.50			7	2,347		
Balakova ¹⁰	\$15.00	\$37.50		124			
Balta.....	\$25.00	\$30.00		40			
Bar ¹⁰	\$30.00	\$37.50		37	13,434		
Batum.....	\$15.00			221	30,008		
Bansk ¹⁰	\$15.00			128			
Druskeniki ¹⁰	\$30.00	\$37.50		23			
Ekaterinoslav.....	\$20.00			1,701	150,511		
Fellin ¹⁰	\$20.00			57			
Friedrichstadt ¹⁰	\$20.00			32			
Gatshina.....	17.50	37.50		360	11,557		
Gourzoul.....				26			
Jacobstadt ¹⁰	20.00			64	2,168		
Jitomir.....	30.00	\$37.50		276	89,108		
Kamenetz-Pod.....	30.00	\$37.50		222	40,135		
Kharkov.....	30.00	\$37.50		3,991	206,315		
Khvalinsk.....	25.00	\$30.00		62	22,642		
Kishinev.....	30.00	\$37.50		891	127,487		
Kodinzovo.....	62.50			4			
Koreiz.....	50.00			72			
Kurisoovo.....	62.50			6			
Lipetsk.....	25.00	\$30.00		102	16,834		
Lodz.....	30.00	\$37.50		4,103	393,526		
Moghiley-Pod ¹⁰	24.00	\$40.00		164	53,718		

¹ Each of 3 parties, \$12; each of 4 parties, \$11.² Home.³ Business.⁴ Up to 6.⁵ Double line.⁶ Single line.⁷ Same building.⁸ Different building.⁹ If in the same building.¹⁰ Private company under concession.¹¹ The higher rates are for collective service.

TABLE A.—Unlimited service—Continued.

Country.	Exclusive.	Each of 2 parties.	Per additional party.	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Russia—Continued.							
Moscow, district of: Moscow ¹ .	\$13.00	\$37.50		295	25,141		
Odessa ² .	32.00	51.00		43,348	1,468,563		
Riga ³ .	25.00	36.00		6,842	520,000		
Rybinsk ⁴ .	26.00	37.50		8,876	318,400		
Rovno ⁵ .	12.50			4			
St. Petersburg ⁶ .	29.00			261	7,964		
Warsaw ⁷ .	25.00	36.00		46,842	1,907,700		
Sweden.	31.00	45.00		28,935	771,000		
	13.40	-16.08				Local.	Local and in some cases environs.

¹ The higher rates are for collective service.² Private company under concession.³ The maximum for business is \$21.44 for the first 5 years; thereafter, \$16.08. Entry fee for business, \$13.40. Installation contract is 5 years in all cases. Extra apparatus in apt's (minimum, 10 apparatus); 15 cr. (\$4.02) per apparatus.

TABLE B.—Limited service.

Country.	Basal annual charge.					Additional charges for service.				
	Exclusive.	Number free calls included.	Each of—			Per additional party.	Number calls per party.	Number calls.	Amount.	Charge per call (estimated).
			2 parties.	3 parties.	4 parties.					
Australia.	\$14.60	None.	\$12.17			\$9.74	None.	4,000		\$0.01
	17.05	None.	13.37			11.00	None.	14,000		.003
	19.50	None.	14.60			12.17	None.			
Austria.	23.00	2,400	16.00			\$10.00	2,400			None.
	24.00	3,000	16.00			10.00	3,000			None.
	30.00	6,000	16.00			10.00	6,000			None.
	36.00	12,000	16.00			10.00	12,000			None.
	26.00	2,400	18.00			11.00	2,400			None.
	29.00	3,000	18.00			11.00	3,000			None.
	36.00	6,000	18.00			11.00	6,000			None.
	43.00	12,000	18.00			11.00	12,000			None.
	29.00	2,400	20.00			12.00	2,400			None.
	34.00	3,000	20.00			12.00	3,000			None.
	43.00	6,000	20.00			12.00	6,000			None.
	52.00	12,000	20.00			12.00	12,000			None.
	34.00	2,400	24.00			14.00	2,400			None.
	40.00	3,000	24.00			14.00	3,000			None.
	52.00	6,000	24.00			14.00	6,000			None.
	64.00	12,000	24.00			14.00	12,000			None.
	40.00	2,400	29.00			17.00	2,400			None.
	48.00	3,000	29.00			17.00	3,000			None.
	64.00	6,000	29.00			17.00	6,000			None.
	80.00	12,000	29.00			17.00	12,000			None.
	48.00	2,400	36.00			20.00	2,400			None.
	60.00	3,000	36.00			20.00	3,000			None.
	80.00	6,000	36.00			20.00	6,000			None.
	100.00	12,000	36.00			20.00	12,000			None.
Belgium.	21.23	None.						1,200	\$7.72	
	23.16	None.						2,000	11.58	
	25.09	None.						3,000	15.44	
								4,500	20.27	
								6,000	25.09	
								8,000	30.88	
								10,000	34.74	
Denmark (business):										
Copenhagen.	32.00	5,000			10.70		400	1,200		
Fyen Island.	18.75	1,200						100	1.75	.0268
Fyen City.	12.00-14.75	1,200						100	1.34	.0258
France:										
First year.	19.30	None.								.0193
Second year.	15.44	None.				5.79				.0193
Third year.	11.58	None.								.0193
Thereafter.	7.72	None.								.0193
Germany.	19.04	400								.0119
	22.60	400								.0119
	25.18	400								.0119
	27.56	400								.0119
Great Britain:										
London County.	10 24.55	None.	11 14.60			Up to 10				.02
Out of London County, but in London.	10 19.45	None.		\$9.74	9.74	9.74				.02
Italy: ¹²										
First year.	19.30	None.								.00955
Thereafter.	11.58	None.								.00955
Norway.						8.04				
Christiania.	21.44	6,000				10.72		Per 1,000	2.68	
Switzerland:										
First year.	19.30	None.								.00955
Second year.	13.50	None.								.00955
Thereafter.	7.72	None.								.00955

¹ Above.² Residence only.³ Business houses can subscribe only to two-party lines.⁴ Per additional.⁵ Only in the same establishment.⁶ In London County.⁷ Outside.⁸ Same exchange.⁹ With other exchanges.¹⁰ Minimum amount for calls, \$14.60.¹¹ Minimum annual amount for calls, \$12.17.¹² These measured service rates may be enforced by Government.

TABLE B.—Limited service—Continued.

Country.	Additional charges for service.					
	Total cost per call, including basal charge.	Additional apparatus.	Population.	Number of subscribers.	Area.	Distance from exchange.
Australia.....		(1)	10,000 100,000 2 100,000		5-mile radius 10-mile radius do.	2 miles. Per additional 1/4 mile: Exclusive, \$2.40; per party, 60 cents.
Austria.....				200 200 200 200 500 500 500 500 2,000 2,000 2,000 2,000 5,000 5,000 5,000 5,000 20,000 20,000 20,000 20,000 20,000	Network do.	0.62 mile. Do. Do. Do. 0.93 mile. Do. Do. Do. 1.25 miles. Do. Do. Do. 1.83 miles. Do. 1.86 miles. Do. 2.50 miles. Do. Do. Do. 3.73 miles. Do. Do. Do. Do.
Belgium.....		\$4.83 to 6.75		1,000 10,000 2 10,000	18.64 miles, in some cases 28 miles from exchange.	1.864 miles. Do. Do.
Denmark (business):					Island Network City	1.24 miles. Per additional 0.062 mile, \$0.75 to \$1.
Copenhagen.....						
Fyen Island.....						
Fyen City.....						
France:						
First year.....	5.79	2 80,000				0.62 mile.
Second year.....	5.79	2 80,000				
Third year.....	5.79	2 80,000				
Thereafter.....	5.79	2 80,000				
Germany.....		\$4.76		1,000 5,000 10,000 2 10,000		3.10 miles. Do. Do. Do.
Great Britain:						
London County.....						2 miles.
Out of London County, but in London.....						
Italy: 6						1.864 miles. Do.
First year.....						
Thereafter.....						
Norway, Christiania.....						0.93 mile.
Switzerland: 7						
First year.....						1.24 miles.
Second year.....						
Thereafter.....						

1 Same as parties.

2 Above.

3 Maximum.

4 In the same establishment only.

5 Per additional.

6 These measured service rates may be employed.

7 In nonlucrative Government offices (i. e., other than railway, gas, electricity, etc.) the \$7.72 fee from beginning.

TABLE C.—Long-distance or interurban rates.

Length of line in miles.	Australia (see note).		Belgium, per 3 minutes.		Denmark, per 3 minutes.	France, per 3 minutes.	Germany, per 3 minutes.	Great Britain.	Hungary, per 3 minutes. ¹	Italy, per 3 minutes.	Japan.	Luxemburg. ²	Netherlands.	New Zealand, unit of 3 minutes.		Norway.	Russia.	Sweden, per 3 minutes.		Switzerland, per 3 minutes.
	First 3 minutes.	Per additional 3 minutes.	Single calls.	Monthly contract.										First.	Per additional.			Day.	Night.	
2.5											\$0.025					\$0.0268				
5											.025					.04				
7.5										\$0.04						.05				
10										.06			\$0.08			.075				
12.5										.06						.075				
15	\$0.04	\$0.04				2 \$0.05	\$0.047			.06						.067				
20	.06	.06					.06			.06						.067				
25	.08	.06					.06			.096						.067				
31	.12	.10			\$0.027		.06			.096	.125			\$0.06	\$0.02	.067	.15			\$0.03

1 Flat rate of \$0.39.

2 Between subscribers, free; nonsubscriber called subscriber, \$0.05 per 3 minutes; other calls, \$0.10 for first 3 minutes, \$0.05 per additional 3 minutes.

3 \$0.05 per 50 miles air distance between capitals of departments in which the terminals are located; night rate three-fifths (by subscription, two-fifths) of day rate.

4 Subscriber only.

TABLE C.—Long-distance or interurban rates—Continued.

Length of line in miles.	Australia (see note).		Belgium, per 3 minutes.		Denmark, per 3 minutes.	France, per 3 minutes.	Germany, per 3 minutes.	Great Britain.	Hungary, per 3 minutes.	Italy, per 3 minutes.	Japan.	Luxemburg.	Netherlands.	New Zealand, unit of 3 minutes.			Russia.	Sweden, per 3 minutes.		Switzerland, per 3 minutes.
	First 3 minutes.	Per additional 3 minutes.	Single calls.	Monthly contract.										First.	Per additional.	Norway.		Day.	Night.	
35	\$0.12	\$0.10	.....	.....	\$0.0038	.....	\$0.12	.....	.....	\$0.096	\$0.125	.....	.....	.....	.....	\$0.0938	\$0.15	.....	.....	\$0.10
37.5	.16	.12	.....	.....	.0038	.....	.12	.....	.....	.096	.125	.....	.....	.....	.....	.0938	.15	.....	.....	.10
45	.16	.12	.....	.....	.0038	.....	.12	.....	.....	.096	.125	.....	.....	.....	.....	.0938	.15	.....	.....	.10
50	.16	.12	.....	.....	.0038	.....	.12	.....	.....	.096	.125	.....	.....	.....	.....	.0938	.15	.....	.....	.10
55	.24	.18	.....	.....	.039	.....	.12	.....	.....	.096	.125	.....	.....	.....	.....	.0938	.15	.....	.....	.10
62.5	.24	.18	.....	.....	.096	.....	.12	.....	.....	.096	.125	.....	.....	.....	.....	.0938	.15	.....	.....	.10
67.5	.24	.18	.....	.....	.134	.....	.24	.....	.....	.133	.15	.....	.....	.....	.....	.134	.25	.....	.....	.10
70	.24	.18	.....	.....	.134	.....	.24	.....	.....	.133	.15	.....	.....	.....	.....	.134	.25	.....	.....	.10
75	.24	.18	.....	.....	.134	.....	.24	.....	.....	.133	.15	.....	.....	.....	.....	.134	.25	.....	.....	.10
80	.32	.24	.....	.....	.134	.....	.24	.....	.....	.133	.175	.....	.....	.....	.....	.134	.25	.....	.....	.10
85	.32	.24	.....	.....	.134	.....	.24	.....	.....	.133	.175	.....	.....	.....	.....	.134	.25	.....	.....	.10
90	.32	.24	.....	.....	.134	.....	.24	.....	.....	.133	.175	.....	.....	.....	.....	.134	.25	.....	.....	.10
93	.32	.24	.....	.....	.134	.....	.24	.....	.....	.133	.20	.....	.....	.....	.....	.134	.25	.....	.....	.10
100	.32	.24	.....	.....	.201	.....	.24	.....	.....	.133	.20	.....	.....	.....	.....	.134	.25	.....	.....	.10
110	.44	.32	.....	.....	.201	.....	.24	.....	.....	.133	.225	.....	.....	.....	.....	.134	.25	.....	.....	.10
120	.44	.32	.....	.....	.201	.....	.24	.....	.....	.133	.25	.....	.....	.....	.....	.134	.25	.....	.....	.10
130	.44	.32	.....	.....	.268	.....	.24	.....	.....	.133	.25	.....	.....	.....	.....	.134	.25	.....	.....	.10
140	.44	.32	.....	.....	.268	.....	.24	.....	.....	.133	.25	.....	.....	.....	.....	.134	.25	.....	.....	.10
150	.44	.32	.....	.....	.268	.....	.24	.....	.....	.133	.275	.....	.....	.....	.....	.134	.25	.....	.....	.10
160	.56	.42	.....	.....	.268	.....	.24	.....	.....	.133	.30	.....	.....	.....	.....	.134	.25	.....	.....	.10
170	.56	.42	.....	.....	.268	.....	.24	.....	.....	.29	.325	.....	.....	.....	.....	.134	.25	.....	.....	.10
180	.56	.42	.....	.....	.268	.....	.24	.....	.....	.29	.35	.....	.....	.....	.....	.134	.25	.....	.....	.10
190	.56	.42	.....	.....	.268	.....	.24	.....	.....	.29	.375	.....	.....	.....	.....	.134	.25	.....	.....	.10
200	.56	.42	.....	.....	.402	.....	.24	.....	.....	.29	.40	.....	.....	.....	.....	.134	.25	.....	.....	.10
210	.68	.50	.....	.....	.402	.....	.24	.....	.....	.29	.425	.....	.....	.....	.....	.134	.25	.....	.....	.10
220	.68	.50	.....	.....	.402	.....	.24	.....	.....	.29	.45	.....	.....	.....	.....	.134	.25	.....	.....	.10
230	.68	.50	.....	.....	.402	.....	.24	.....	.....	.29	.475	.....	.....	.....	.....	.134	.25	.....	.....	.10
240	.68	.50	.....	.....	.402	.....	.24	.....	.....	.29	.50	.....	.....	.....	.....	.134	.25	.....	.....	.10
250	.68	.50	.....	.....	.402	.....	.24	.....	.....	.29	.50	.....	.....	.....	.....	.134	.25	.....	.....	.10
275	.80	.60	.....	.....	.....	.....	.24	.....	.....	.....	.50	.....	.....	.....	.....	.134	.25	.....	.....	.10
300	.80	.60	.....	.....	.....	.....	.24	.....	.....	.....	.50	.....	.....	.....	.....	.134	.25	.....	.....	.10
325	.92	.68	.....	.....	.....	.....	.36	.....	.....	.....	.625	.....	.....	.....	.....	.134	.25	.....	.....	.10
350	.92	.68	.....	.....	.....	.....	.36	.....	.....	.....	.625	.....	.....	.....	.....	.134	.25	.....	.....	.10
375	1.04	.78	.....	.....	.....	.....	.36	.....	.....	.....	.625	.....	.....	.....	.....	.134	.25	.....	.....	.10
400	1.04	.78	.....	.....	.....	.....	.36	.....	.....	.....	.75	.....	.....	.....	.....	.134	.25	.....	.....	.10
435	.....	.....	.....	.....	.....	.....	.36	.....	.....	.....	.75	.....	.....	.....	.....	.134	.25	.....	.....	.10
470	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.134	.25	.....	.....	.10
515	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.134	.25	.....	.....	.10
585	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.00	.....	.....	.....	.....	.134	.25	.....	.....	.10
620	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.00	.....	.....	.....	.....	.134	.25	.....	.....	.10
655	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.125	.....	.....	.....	.....	.134	.25	.....	.....	.10
755	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.25	.....	.....	.....	.....	.134	.25	.....	.....	.10
870	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.134	.25	.....	.....	.10
994	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.134	.25	.....	.....	.10
Any distance.	\$0.193	\$0.052	.....	.....	.536	.....	.48	.....	.....	.385	1.375	.....	.....	.....	.....	.402	.536	.268	.15	

1 Per additional 50 miles.

2 Six minutes via telegraph circuits.

3 Day.

4 Night.

NOTE.—Press rate per 5 minutes about 65 per cent of public rate per 3 minutes.

SOURCES OF INFORMATION.

DOMESTIC.

Telephone census, 1902.
 Telephone census, 1907.
 Telegraph census, 1902.
 Telegraph census, 1907.
 Annual reports Western Union Telegraph Co.
 Annual reports American Telephone & Telegraph Co.
 Labor Bureau, Report on Telephone Industry.
 Labor Bureau, Report on Telegraph Industry.
 Parsons, The Telegraph, etc.
 Adams, The State and its Relation to Industrial Action.

FOREIGN.

Holcombe, Public Ownership of Telephone in Europe.
 La Journal Telegraphique et Telephonique, volumes 1 to 35.
 Postal reports, Great Britain.
 Postal reports, New Zealand.
 Statistical reports, Union Postale Universelle, Berne.

NOTE 1.—Journal Telegraphique, 1911, 1912, 1913, 1914, published by the Universal Postal Union, and gives the postal, telephone, telegraph, and wireless statistics in French. These statistics for the year 1910 are set forth in the reference Note 3, which may be obtained from the Postmaster General.

NOTE 2.—Telephone and Telegraph Census, 1912.

TELEPHONE.

All systems and lines—Miles of wire, number of telephones, and estimated number of messages or talks, classified as the Bell telephone system and all other systems: 1912, 1907, and 1902.

	Year.	Miles of wire. ¹	Number of telephones.	Estimated number of messages or talks. ²
United States.....	1912	20,248,326	8,729,592	³ 13,735,658,245
	1907	12,999,364	6,118,578	³ 10,400,433,958
	1902	4,900,451	2,371,044	⁴ 5,070,554,553
Bell telephone system.....	1912	15,133,186	5,087,027	9,133,226,836
	1907	8,947,266	3,132,063	6,401,044,799
	1902	3,387,924	1,317,178	3,074,530,060
All other systems.....	1912	5,115,140	3,642,565	³ 4,602,431,409
	1907	4,052,098	2,986,515	³ 3,999,389,159
	1902	1,512,527	1,053,866	⁴ 1,996,024,493

1 Exclusive of 1,565 miles in Canada in 1912 and 5 miles in 1907.

2 The number of messages reported by the Bell telephone system includes only completed calls, while the figures for all other companies may include some original calls not necessarily completed, such as calls that the operator reports as "Line busy," or "Does not answer."

3 Exclusive of systems reporting an annual income of less than \$5,000.

4 Exclusive of independent farmer or rural lines.

Telephone systems reporting an annual income of \$5,000 or more, classified as the Bell telephone system and all other systems—Traffic: 1912, 1907, and 1902.

	1912	1907	1902	Per cent of increase. ¹		
				1902-1912	1907-1912	1902-1907
TOTAL.						
Number of systems.....	1,916	1,636	4,151	-53.8	17.1	-60.6
Number of telephones.....	7,326,748	4,906,693	2,315,297	216.4	49.3	111.9
Estimated number of messages or talks.....	13,735,658,245	10,400,433,958	5,070,554,553	170.9	32.1	105.1
Local exchange.....	13,394,885,442	10,160,630,944	4,949,849,709	170.6	31.8	105.3
Long distance or toll.....	340,772,803	239,803,014	120,704,844	182.3	42.1	98.7
Average messages or talks per telephone.....	1,875	2,120	2,190	-14.4	-11.6	-3.2
Local exchange.....	1,828	2,071	2,138	-14.5	-11.7	-3.1
Long distance or toll.....	47	49	52	-9.6	-4.1	-5.8
BELL TELEPHONE SYSTEM.						
Number of systems.....	176	175	44	300.0	0.6	297.7
Number of telephones.....	5,087,027	3,132,063	1,317,178	286.2	62.4	137.8
Estimated number of messages or talks.....	9,133,226,836	6,401,044,799	3,074,530,060	197.1	42.7	108.2
Local exchange.....	8,886,838,093	6,209,430,515	2,998,344,933	196.4	43.1	107.1
Long distance or toll.....	246,388,743	191,614,284	76,185,127	223.4	28.6	151.5
Average messages or talks per telephone.....	1,795	2,044	2,334	-23.1	-12.2	-12.4
Local exchange.....	1,747	1,983	2,276	-23.2	-11.9	-12.9
Long distance or toll.....	48	61	58	-17.2	-21.3	5.2
ALL OTHER SYSTEMS.						
Number of systems.....	1,740	1,461	4,107	-57.6	19.1	-64.4
Number of telephones.....	2,239,721	1,774,630	998,119	124.4	26.2	77.8
Estimated number of messages or talks.....	4,602,431,409	3,999,389,159	1,996,024,493	180.6	15.1	100.4
Local exchange.....	4,508,047,349	3,951,200,429	1,951,504,776	181.0	14.1	102.5
Long distance or toll.....	94,384,060	48,188,730	44,519,717	112.0	95.9	8.2
Average messages or talks per telephone.....	2,055	2,254	2,000	2.8	-8.8	12.7
Local exchange.....	2,013	2,227	1,955	3.0	-9.6	13.9
Long distance or toll.....	42	27	45	-6.7	55.6	-40.0

¹ A minus sign (-) denotes decrease.

Telephone systems reporting an annual income of \$5,000 or more—Income and expenses: 1912 and 1907.

	1912	1907	Per cent of increase: 1907-1912.	Per cent of total.	
				1912	1907
Income, total.....	\$255,081,234	\$176,700,408	44.4	100.0	100.0
From telephone business, including assessments.....	243,591,929	167,148,389	45.7	95.5	94.6
From leased lines, wires, and conduits.....	4,076,278	2,403,650	69.6	1.6	1.4
All other income.....	7,413,027	7,148,369	3.7	2.9	4.0
Expenses, total.....	203,754,909	135,475,177	50.4	100.0	100.0
Operating expenses:					
Salaries and wages.....	96,040,541	65,009,349	47.7	47.1	48.0
All other.....	75,138,892	48,316,961	55.5	36.9	35.7
Taxes.....	12,411,516	6,213,472	99.8	6.1	4.6
Interest.....	20,163,960	15,935,395	26.5	9.9	11.8
Net income.....	51,326,325	41,225,231	24.5		
Dividends declared during year, total.....	34,120,809	23,448,212	45.5	100.0	100.0
On common stock.....	32,255,125	21,753,565	48.3	94.5	92.8
On preferred stock.....	1,865,684	1,694,647	10.1	5.5	7.2
Surplus.....	17,205,516	17,777,019	3.2		

Telephone systems reporting an annual income of \$5,000 or more—Income and expenses, 1912.

	1912	Per cent of total.
Income, total.....	\$255,081,234	100.0
From telephone business.....	243,427,611	95.4
Interest on bonds and dividends on stock of other telephone companies.....	857,619	.3
Interest on bonds and dividends on stock of companies other than telephone companies.....	3,507,347	1.4
From leased telephone lines, wires, and conduits.....	4,076,278	1.6
Real estate rentals.....	464,949	.2
Interest.....	1,698,777	.7
Assessments.....	164,318	.1
Miscellaneous.....	884,335	.3
Expenses, total.....	203,754,909	100.0
General operation and maintenance.....	28,444,000	14.0
Salaries and wages.....	96,040,541	47.1
Rentals of instruments and apparatus.....	116,425	.1
Rentals of offices and other real estate.....	2,280,545	1.1
Rentals of conduits and underground privileges.....	1,206,015	.6
Payments for telephone traffic made to other companies.....	1,187,265	.6
Miscellaneous.....	402,784	.2
Taxes.....	12,411,516	6.1
Interest.....	20,163,960	9.9
Payments for use of leased lines.....	405,907	.2
Depreciation charges.....	40,755,657	20.0
Sinking fund charges.....	340,294	.2
Net income.....	51,326,325	
Dividends declared during the year, total.....	34,120,809	100.0
On common stock.....	32,255,125	94.5
On preferred stock.....	1,865,684	5.5
Surplus.....	17,205,516	

¹ Includes income from other permanent investments.

Telephone systems reporting an annual income of \$5,000 or more—Employees, salaries, and wages: 1912, 1907, and 1902.

	1912	1907	1902	Per cent of increase. ¹		
				1902-1912	1907-1912	1902-1907
Employees, total:						
Number.....	183,361	131,670	78,752	132.8	39.3	67.2
Salaries and wages.....	\$96,040,541	\$65,009,349	\$36,255,621	164.9	47.7	79.3
Salaried employees:						
Number.....	38,753	22,819	14,124	174.4	69.8	61.6
Salaries.....	\$32,681,482	\$18,542,619	\$9,885,886	230.6	76.2	87.6
Wage earners:						
Total average number.....	144,608	108,851	64,628	123.8	32.8	68.4
Total wages.....	\$63,359,059	\$46,466,730	\$26,369,735	140.3	36.4	76.2
Operators—						
Average number.....	96,332	72,518	39,858	141.7	32.8	81.9
Wages.....	\$32,474,093	\$22,636,671	\$10,765,098	201.7	43.5	110.3
Men—						
Average number.....	1,972	2,457	2,525	-21.9	-19.7	-2.7
Wages.....	\$870,671	\$942,455	\$729,696	19.3	-7.6	29.2
Per cent of total operators.....	2.0	3.4	6.3			
Women—						
Average number.....	94,360	70,061	37,333	152.8	34.7	87.7
Wages.....	\$31,603,422	\$21,604,216	\$10,035,432	214.9	45.7	116.2
Per cent of total operators.....	98.0	96.6	93.7			
All other wage earners—						
Average number.....	48,276	36,333	24,770	94.9	32.9	46.7
Wages.....	\$30,884,966	\$23,830,059	\$15,604,637	97.9	29.6	52.7

¹ A minus sign (-) denotes decrease.

² Number employed Sept. 16, 1912.

Telephone systems reporting an annual income of \$5,000 or more—comparative summary: 1912 and 1907.

	Total		Bell telephone system		All other systems	
	1912	1907	1912	1907	1912	1907
Number of systems.....	1,916	1,636	176	175	1,740	1,461
Miles of single wire.....	19,019,391	11,921,960	15,133,186	8,947,266	3,886,205	2,974,694
Miles of pole line.....	671,686	553,752	353,422	287,458	318,264	266,294
Number of public exchanges.....	11,515	10,613	5,853	5,418	5,662	5,195
Number of telephones.....	7,326,748	4,906,693	5,087,027	3,132,063	2,239,721	1,774,630
Estimated number of messages or talks.....	13,735,658,245	10,400,433,958	9,133,226,836	6,401,044,799	4,602,431,409	3,999,389,159
Income, total.....	\$255,081,234	\$176,700,408	\$206,130,830	\$138,803,831	\$48,950,404	\$37,896,577
Expenses, including taxes and fixed charges, total.....	\$208,754,909	\$135,475,177	\$163,024,105	\$107,356,551	\$40,730,804	\$28,118,626
Net income.....	\$51,326,325	\$41,225,231	\$43,106,725	\$31,447,280	\$8,219,600	\$9,777,951
Dividends.....	\$34,120,809	\$23,448,212	\$29,709,841	\$20,201,937	\$4,410,968	\$3,246,275
Assets, total.....	\$1,295,670,101	\$940,357,998	\$934,805,563	\$623,036,358	\$360,864,538	\$317,321,640
Cost of construction and equipment.....	\$1,081,433,227	\$794,036,971	\$780,017,745	\$526,079,031	\$301,415,482	\$268,017,940
Stocks and bonds and other permanent investments.....	\$104,554,667	\$60,731,090	\$72,629,170	\$25,090,745	\$31,925,497	\$35,640,295
Cash and current assets.....	\$96,618,255	\$82,963,172	\$82,158,648	\$71,866,532	\$14,459,607	\$11,036,640
Sundries, including stock and bond discount and sinking and other special funds.....	\$13,063,952	\$2,566,765			\$13,063,952	\$2,566,765
Liabilities, total.....	\$1,295,670,101	\$940,357,998	\$934,805,563	\$623,036,358	\$360,864,538	\$317,321,640
Capital stock.....	\$586,763,879	\$456,788,725	\$397,885,433	\$294,578,646	\$188,878,446	\$162,210,079
Funded debt.....	\$404,530,238	\$301,333,489	\$295,872,053	\$197,071,800	\$108,658,183	\$104,261,689
Real estate mortgages, floating debt, and accounts payable.....	\$71,742,634	\$74,388,503	\$49,818,929	\$50,825,741	\$12,923,714	\$23,592,762
Cash investments.....	\$3,287,138	\$2,583,833			\$3,287,138	\$2,583,833
Interest, taxes, and dividends, due and accrued.....	\$17,520,891	\$11,855,910	\$14,405,707	\$9,703,462	\$3,115,184	\$2,152,448
Reserves.....	\$148,818,981	\$38,991,838	\$137,967,085	\$36,108,979	\$10,851,896	\$2,822,879
Sundries.....	\$2,234,721	\$6,210,884	\$434,304		\$1,800,417	\$6,210,884
Net surplus.....	\$60,771,621	\$48,204,795	\$38,422,061	\$34,687,730	\$22,349,590	\$13,517,095
Salaried employees:						
Number.....	38,753	22,819	31,435	17,039	7,318	5,789
Salaries.....	\$32,681,482	\$18,542,619	\$27,004,837	\$14,501,916	\$5,676,645	\$4,040,703
Wage earners:						
Average number.....	1144,608	108,851	1110,468	78,772	134,140	30,079
Wages.....	\$63,839,059	\$46,466,730	\$49,896,524	\$36,073,994	\$13,462,535	\$10,392,736

¹ Number employed Sept. 16, 1912.

TELEGRAPH.

Land and ocean telegraph systems combined: 1912, 1907, and 1902.

	1912	1907	1902	Per cent of increase. ¹		
				1902-1912	1907-1912	1902-1907
Number of companies or systems.....	² 27	² 26	25	8.0	3.8	4.0
Miles of pole line.....	² 247,528	² 239,646	² 237,990	4.0	3.3	.7
Miles of single wire owned and leased.....	¹ 1,814,196	¹ 1,577,961	¹ 1,318,350	37.6	15.0	19.7
Nautical miles of ocean cable.....	67,676	46,301	16,677	305.8	46.2	177.6
Number of messages.....	109,377,698	103,794,076	91,655,287	19.3	5.4	13.2
Number of telegraph offices.....	30,864	29,110	27,377	12.7	6.0	6.3
Income, total.....	\$64,762,843	\$51,583,868	\$40,930,038	58.2	25.5	26.0
Telegraph traffic.....	\$60,403,009	\$45,255,187	\$35,300,569	71.1	33.5	28.2
All other sources.....	\$4,359,834	\$6,328,681	\$5,629,469	-22.6	-31.1	12.4
Net income.....	\$6,383,891	\$9,704,255	\$9,082,004	-36.0	-34.2	-2.8
Expenses, total.....	\$58,378,952	\$41,879,613	\$30,948,034	88.6	39.4	35.3
General operation and maintenance, including salaries and wages and legal expenses.....	¹ \$46,780,041	\$34,057,298	\$24,455,511	91.3	37.4	39.3
Interest and taxes.....	\$3,955,381	\$3,436,690	\$2,539,008	55.8	15.1	35.4
All other expenses.....	\$7,643,530	\$4,385,625	\$3,953,515	93.3	74.3	10.9
Balance sheet:						
Assets, total.....	\$298,288,906	\$261,807,899	\$195,503,775	52.6	13.9	33.9
Construction and equipment.....	\$222,046,746	\$210,045,959	\$161,679,579	37.3	5.7	29.9
Stocks and bonds of other companies.....	² \$33,933,679	² \$36,486,446	² \$25,939,944	30.8	-7.0	40.7
Cash and current assets, including supplies and sundries.....	¹ \$42,308,481	¹ \$15,275,494	¹ \$7,884,252	436.6	177.0	93.7
Liabilities, total.....	\$298,288,906	\$261,807,899	\$195,503,775	52.6	13.9	33.9
Capital stock.....	¹ \$163,645,810	¹ \$155,089,575	¹ \$117,053,525	39.8	5.5	32.5
Funded debt.....	\$62,741,000	\$65,204,000	\$45,893,000	36.7	-3.8	42.1
Reserves.....	\$20,803,730	\$8,267,963	\$7,859,648	164.7	151.9	5.1
Accounts payable.....	\$19,755,480	\$10,411,379	\$6,244,535	216.4	89.7	66.7
Dividends, interest, and taxes due and accrued, and sundries.....	¹⁰ \$18,492,888	\$2,519,043	\$373,978	4,042.7	515.0	573.6
Net surplus.....	\$15,849,943	\$20,325,939	\$18,079,041	-12.3	-22.0	12.4
Capitalization:						
Capital stock outstanding, par value.....	\$163,645,810	\$155,089,575	\$117,053,525	39.8	5.5	32.5
Dividends on stock.....	\$6,180,061	\$7,477,033	\$6,256,693	-1.2	-17.3	19.5
Funded debt outstanding, par value.....	\$62,741,000	\$65,204,000	\$45,893,000	36.7	-3.8	42.1
Employees and salaries and wages:						
Average number.....	¹¹ 37,295	28,034	27,623	35.0	33.0	1.5
Salaries and wages.....	\$24,964,994	\$17,808,249	\$15,099,673	66.0	40.2	18.4

¹ A minus sign (-) denotes decrease.

² Commercial Cable Co. of Cuba (not reporting in 1902) counted as a separate company in both 1912 and 1907.

³ Exclusive of pole line wholly owned and wholly operated by railway companies.

⁴ Exclusive of wire wholly owned and wholly operated by railway companies; this in 1912 was 314,329 miles. In 1902 includes mileage operated outside of the United States by Western Union Telegraph Co.

⁵ Includes charges for depreciation.

⁶ Includes treasury stock and "other permanent investments."

⁷ Includes sinking funds and stock and bond discount.

⁸ Includes assumed stock of subcompanies.

⁹ Includes floating debt and cash investments (for unincorporated companies).

¹⁰ Includes deferred noninterest-bearing obligations payable only on determination of leases—not reported at previous censuses—and real estate mortgages.

¹¹ Number employed Sept. 16, 1912.

Land telegraph systems: 1912 and 1907.

	1912	1907	Per cent of increase. ¹
Number of companies or systems.....	21	20	5.0
Miles of pole line..... ²	247,528	239,646	3.3
Miles of single wire owned and leased..... ³	1,814,196	1,577,961	15.0
Number of messages..... ⁴	106,532,530	101,424,759	5.0
Number of telegraph offices.....	30,781	29,056	5.9
Income, total.....	\$56,293,469	\$43,912,168	28.2
Telegraph traffic.....	\$52,337,211	\$37,916,907	38.0
All other sources.....	\$3,956,258	\$5,995,261	-34.0
Net income..... ⁵	\$3,431,044	\$5,675,181	-39.5
Expenses, total.....	\$52,862,425	\$38,236,987	38.2
General operation and maintenance, including salaries and wages and legal expenses..... ⁶	\$42,771,823	\$31,852,359	34.3
Interest and taxes.....	\$2,740,827	\$2,246,383	22.0
All other expenses.....	\$7,349,775	\$4,138,246	77.6
Balance sheet:			
Assets, total.....	\$190,705,751	\$166,183,007	14.8
Construction and equipment.....	\$143,910,631	\$132,607,620	8.5
Stocks and bonds, including "other permanent investments"..... ⁷	\$17,122,592	\$23,514,882	-27.2
Cash and current assets, including supplies and sundries..... ⁸	\$29,672,528	\$10,060,505	194.9
Liabilities, total.....	\$190,705,751	\$166,183,007	14.8
Capital stock..... ⁹	\$108,156,410	\$102,289,575	5.7
Funded debt.....	\$34,741,000	\$37,204,000	-6.6
Reserves.....	\$5,254,329	\$1,876,838	180.0
Accounts payable..... ¹⁰	\$18,295,683	\$7,916,138	131.1
Dividends, interest, and taxes due and accrued.....	\$1,460,733		
Sundries..... ¹¹	\$13,444,926	\$66,692	
Net surplus.....	\$9,352,670	\$16,829,744	-44.4
Capitalization:			
Capital stock outstanding, par value.....	\$108,156,410	\$102,289,575	5.7
Dividends on stock.....	\$3,139,861	\$4,944,042	-36.5
Funded debt.....	\$34,741,000	\$37,204,000	-6.6
Employees and salaries and wages:			
Average number..... ¹²	35,639	26,827	32.8
Salaries and wages.....	\$23,797,980	\$16,893,166	40.9

¹ A minus sign (-) denotes decrease.² Exclusive of pole line wholly owned and used by railway companies.³ Does not include 22,816 nautical miles of ocean cable operated by the Western Union Telegraph Co. Exclusive, also, of 314,329 miles of wire wholly owned and operated by railway companies for their own business.⁴ Does not include land messages sent over its 207 miles of leased land wire by a wireless company in 1912 nor ocean cable messages except those reported by the Western Union Telegraph Co.⁵ Less all expenses, including charges for depreciation.⁶ Includes charges for depreciation which were not included in expenses in 1907.⁷ Includes treasury stock.⁸ Includes sinking fund and stock and bond discount.⁹ Includes assumed stock of subcompanies.¹⁰ Includes floating debt and cash investments (for unincorporated companies).¹¹ Includes deferred noninterest-bearing obligations payable only on determination of leases and real estate mortgages.¹² Number employed Sept. 16, 1912.

Land telegraph systems—Revenue and income account: 1912 and 1907.

	1912	1907	Per cent of increase. ¹
Gross receipts from operation.....	\$52,337,211	\$37,916,907	38.0
Operating expenses.....	45,627,564	34,205,745	33.1
Net earnings from operation.....	6,809,647	3,711,162	83.5
Income from other sources.....	3,956,258	5,995,261	-34.0
Interest on bonds and dividends on stock of other companies.....	375,903	1,081,619	-65.2
Leased telegraph lines, wires, and conduits.....	2,419,065	4,430,245	-45.4
Real estate rentals.....	191,154	210,014	-9.0
Miscellaneous..... ²	970,136	273,383	254.9
Gross income less operating expenses.....	10,765,905	9,706,423	10.9
Deductions from income (fixed charges):			
Taxes.....	7,334,861	4,031,242	82.0
Interest.....	1,132,234	753,378	50.3
Payments for use of leased lines.....	1,608,593	1,493,004	7.7
Interest.....	4,594,034	1,784,890	157.4
Net income.....	3,431,044	5,675,181	-39.5
Dividends on stock.....	3,139,861	4,944,042	-36.5
Surplus.....	291,183	731,139	-60.2
Total.....	45,627,564	34,205,745	33.1
General operation and maintenance.....	42,771,823	31,852,359	34.3
Salaries and wages.....	23,797,980	16,893,166	40.9
Operation and maintenance, including legal expenses.....	15,269,031	14,959,193	2.1
Charges for depreciation.....	3,704,812		
Rentals of offices and other real estate.....	2,247,311	1,596,456	40.8
Rentals of conduits and underground privileges.....	101,035	5,920	1,606.7
Payments for telegraph traffic made to other companies.....	228,907	667,501	-65.7
Miscellaneous.....	178,488	83,509	113.7

¹ A minus sign (-) denotes decrease.² Including interest.

Ocean cable telegraph systems—Summary: 1912 and 1907.

	1912	1907	Per cent of increase. ¹
Number of companies or systems.....	6	6	
Nautical miles of ocean cable..... ²	44,880	40,572	10.6
Number of messages..... ³	2,845,168	2,369,317	20.1
Number of cable offices..... ⁴	83	54	53.7
Income, total.....	\$8,469,374	\$7,671,700	10.4
Telegraph traffic.....	\$8,065,798	\$7,338,280	9.9
All other sources.....	\$403,576	\$333,420	21.0
Net income.....	\$2,952,847	\$4,029,074	-26.7
Expenses, total.....	\$5,516,527	\$3,642,626	51.4
General operation and maintenance, including salaries and wages and legal expenses.....	\$4,008,218	\$2,204,939	81.8
Interest and taxes.....	\$1,214,554	\$1,190,308	2.0
All other expenses.....	\$293,755	\$247,379	18.7
Balance sheet:			
Assets, total.....	\$107,583,155	\$95,624,892	12.5
Construction and equipment.....	\$78,136,115	\$77,438,339	0.9
Stocks and bonds of other companies, treasury stock, and "other permanent investments".....	\$16,511,087	\$12,971,564	20.6
Cash and current assets, including supplies..... ⁵	\$12,635,953	\$5,214,989	142.3
Liabilities, total.....	\$107,583,155	\$95,624,892	12.5
Capital stock.....	\$55,489,400	\$52,800,000	5.1
Funded debt.....	\$28,000,000	\$28,000,000	
Reserves.....	\$15,549,451	\$6,381,105	143.7
Accounts payable.....	\$1,459,797	\$2,495,241	-41.5
Dividends due and sundries.....	\$587,229	\$2,452,351	-139.5
Surplus.....	\$6,497,278	\$3,496,195	85.5
Capitalization:			
Capital stock outstanding, par value.....	\$55,489,400	\$52,800,000	5.1
Dividends on stock.....	\$3,040,200	\$2,533,041	20.0
Funded debt.....	\$28,000,000	\$28,000,000	
Employees and salaries and wages:			
Average number..... ⁶	1,656	1,207	37.2
Salaries and wages.....	\$1,167,014	\$915,083	27.5

¹ A minus sign (-) denotes decrease.² Does not include returns for Western Union Telegraph Co., as no segregation could be made of financial statistics for employees for the cable business of this company. The number of nautical miles of ocean cable owned and leased by this company was, in 1912, 22,816 miles, and in 1907, 5,729 miles. The number of ocean messages reported by this company for 1912 was 2,996,112, and as estimated by it for 1907, 3,500,000.³ Includes sinking and other special funds and sundries for 1912 and sundries only for 1907.⁴ Includes floating debt.⁵ Includes interest due and accrued.⁶ Number employed Sept. 16, 1912.

Ocean cable telegraph systems—Revenue and income account, 1912 and 1907.

	1912	1907	Per cent of increase. ¹
Gross receipts from operation.....	\$8,065,798	\$7,338,280	9.9
Operating expenses.....	4,214,264	2,373,339	77.6
Net earnings from operation.....	3,851,534	4,964,941	-22.4
Income from other sources.....	403,576	333,420	21.0
Gross income less operating expenses.....	4,255,110	5,298,361	-19.7
Deductions from income (fixed charges):			
Taxes.....	1,302,263	1,269,287	2.6
Interest.....	54,554	30,308	80.0
Interest.....	1,160,000	1,160,000	
Payments for use of leased lines.....	87,709	78,979	11.1
Net income.....	2,952,847	4,029,074	-26.7
Dividends on stock.....	3,040,200	2,533,041	20.0
Surplus.....	(²)	1,496,033	

¹ A minus sign (-) denoted decrease.² Deficit of \$87,353.

Ocean cable telegraph systems—Operating expenses: 1912 and 1907.

	1912	1907	Per cent of increase.
Total.....	\$4,214,264	\$2,373,339	77.6
General operation and maintenance.....	4,008,218	2,204,939	81.8
Salaries and wages.....	1,167,014	915,083	27.5
Operation and maintenance, including legal expenses.....	2,841,204	1,289,856	120.3
Rentals of offices and other real estate.....	104,748	87,896	19.2
Miscellaneous.....	101,298	80,504	25.8

¹ Includes also rentals of conduits and underground privileges and payments for telegraph traffic made to other companies.

[Bell report, 1912, extracts.]

BELL TELEPHONE SYSTEM IN UNITED STATES.

Comparison of earnings and expenses, 1911 and 1912. (All duplications, including interest, dividends, and other payments to American Telephone & Telegraph Co. by associated holding and operating companies excluded.)

	1911	1912
Gross earnings.....	\$179,477,998	\$199,172,154
Expenses:		
Operation.....	60,085,425	65,246,677
Current maintenance.....	30,184,522	31,762,636
Depreciation.....	28,655,832	34,942,802
Taxes.....	8,965,922	10,333,349
Total expenses.....	127,891,701	142,285,464
Net earnings.....	51,586,297	56,886,690
Deduct interest.....	13,610,860	14,205,365
Balance net profits.....	37,975,437	42,681,325
Deduct dividends paid.....	25,966,876	29,460,215
Surplus earnings.....	12,008,561	13,221,110

Combined balance sheets, 1911 and 1912.

(Duplications excluded.)

	Dec. 31, 1911.	Dec. 31, 1912.
Assets:		
Contracts and licenses.....	\$2,943,381	
Telephone plant.....	666,660,702	\$742,287,631
Supplies, tools, etc.....	20,749,568	23,601,262
Receivables.....	32,916,127	37,700,623
Cash.....	41,878,140	35,729,037
Stocks and bonds.....	66,777,231	84,942,235
Total.....	831,925,149	924,260,818
Liabilities:		
Capital stock.....	379,727,832	393,209,925
Funded debts.....	241,032,822	294,380,353
Bills payable.....	41,198,431	38,268,341
Accounts payable.....	23,382,438	25,320,335
Total outstanding obligations.....	685,341,523	751,178,954

BELL TELEPHONE SYSTEM IN THE UNITED STATES.

Condensed statistics.

	Dec. 31, 1895.	Dec. 31, 1900.	Dec. 31, 1903.	Dec. 31, 1910.	Dec. 31, 1911.	Dec. 31, 1912.	Increase, 1912.
Miles of exchange pole lines.....	25,330	30,451	67,698	120,175	131,379	143,842	12,463
Miles of toll pole lines.....	52,873	101,087	145,535	162,702	163,351	171,161	7,810
Total miles of pole lines.....	78,203	131,538	213,233	282,877	294,730	315,003	20,273
Miles of underground wire.....	184,515	705,269	2,345,742	5,992,303	6,831,667	7,804,528	972,861
Miles of submarine wire.....	2,028	4,203	9,373	24,633	25,935	30,301	3,365
Miles of aerial wire.....	488,872	1,252,329	3,424,803	5,625,273	6,074,012	6,775,984	701,972
Total miles of wire.....	675,415	1,961,801	5,779,918	11,642,212	12,932,615	14,610,813	1,678,198
Comprising toll wire.....	215,687	607,599	1,265,236	1,963,994	2,060,514	2,189,163	128,649
Comprising exchange wire.....	459,728	1,354,202	4,514,682	9,678,218	10,872,101	12,421,650	1,549,549
Total.....	675,415	1,961,801	5,779,918	11,642,212	12,932,615	14,610,813	1,678,198
Total exchange circuits.....	237,837	508,232	1,135,449	2,082,960	2,306,360	2,576,789	270,429
Number of central offices.....	1,613	2,775	4,532	4,933	5,014	5,182	168
Number of Bell stations.....	281,695	800,880	2,241,367	4,030,068	4,474,171	4,953,447	479,276
Number of Bell connected stations ¹	27,807	55,031	287,348	1,852,051	2,168,454	2,502,627	344,173
Total stations.....	309,502	855,911	2,528,715	5,882,719	6,632,625	7,456,074	823,449
Number of employees.....	14,517	37,067	89,661	120,311	128,439	140,789	12,350
Number of connecting companies, lines, and systems.....				17,845	21,454	24,013	2,559
Exchange connections daily.....	2,351,420	5,668,986	13,543,468	21,681,471	23,483,770	25,572,345	2,088,575
Toll connections daily.....	51,123	148,528	368,083	602,539	644,918	737,823	92,905

¹ Includes private line stations.

NOTE 3.—Government ownership of electrical means of communication, Senate Document No. 399, second session Sixty-third Congress, 148 pages. Its mail, telephone, and telegraph statistics are for 1910, but are translated into English.

NOTE 4.—The data for these are taken from the Bell report of 1912. On page 4 it gives the total calls as \$472,000,000, of which 97.19 per cent, or 8,233,136,800, were local calls, and 2.81 per cent, or 238,863,200, were toll calls. The number of phones is given (p. 41) as 4,953,447, with a local call revenue of \$30.93

per phone (p. 13), or \$153,210,115.71, and the number of employees (p. 41) as 140,789.

TRAFFIC.

Including the traffic over the long-distance lines, but not including connecting companies, the daily average of toll connections was about 738,000, and of exchange connections about 25,572,000, as against corresponding figures in 1911 of 645,000 and 23,484,000; the total daily average for 1912 reaching 26,310,000, or at the rate of about 8,472,000,000 per year. (P. 4, Bell Rept., 1912.)

Combined balance sheets, 1911 and 1912—Continued.

	Dec. 30, 1911.	Dec. 31, 1912.
Liabilities—Continued.		
Employees' benefit fund.....		\$8,845,000
Surplus and reserves.....	\$146,583,626	164,236,864
Total.....	\$31,925,149	\$24,260,818

Average operating units of associated operating companies, 1895 to 1912.

(This table covers the companies owning all the exchanges and toll lines of the Bell Telephone System except the long-distance lines of American Telephone & Telegraph Co.)

Average per exchange station.	1911	1912
Earnings:		
Exchange service.....	\$30.85	\$30.93
Toll service.....	\$8.98	\$9.21
Total.....	\$39.83	\$40.14
Expenses:		
Operation.....	\$15.36	\$15.17
Taxes.....	\$1.94	\$2.02
Total.....	\$17.30	\$17.19
Balance.....	\$22.53	\$22.95
Maintenance and depreciation.....	\$13.41	\$13.66
Net earnings.....	\$9.12	\$9.29
Per cent operation expense to telephone earnings.....	38.6	37.8
Per cent telephone expense to telephone earnings.....	77.1	76.9
Per cent maintenance and depreciation to average plant, supplies, etc.....	9.2	9.3
Per cent increase exchange stations ¹	10.8	10.5
Per cent increase miles exchange wire ¹	12.3	14.3
Per cent increase miles toll wire ¹	6.5	6.2
Average plant cost per exchange station (including exchange and toll construction).....	\$141	\$143
Average cost per mile of wire (toll) (including poles and conduits).....	\$68	\$71
Per cent gross telephone earnings to average plant.....	28.7	28.9
Per cent net profits to average capital stock.....	7.93	8.34
Per cent dividends to average capital stock.....	6.30	6.35

¹ Increase during year shown over previous year.

NOTE 5.—

Country.	Local subscribers' calls.	Receipts.
Germany.....	1,883,520,280	142,318,899
Victoria.....	43,140,345	3,109,600
Queensland.....	22,163,306	1,469,910
Middle Australia.....	10,608,022	1,119,712
West Australia.....	13,497,470	937,213
Tasmania.....	3,554,428	241,020
Austria.....	353,540,971	18,784,474
Belgium.....	132,779,747	11,045,773
Bosnia-Herzegovina.....	1,330,727	100,437
Bulgaria.....	8,599,754	310,958
France.....	352,801,290	36,359,424
Hungary.....	198,459,918	10,808,580
Japan.....	837,839,027	20,982,378
Chosen (Japanese).....	35,388,947	1,646,087
Formosa (Japanese).....	17,106,425	636,038
Sakhalin (Japanese).....	1,731,381	39,739
Manchuria (Japanese).....	20,087,233	648,225
Norway, private.....	78,781,424	1,821,214
Luxemburg.....	2,453,507	308,464
Russia.....	309,086,906	10,654,235
Servia.....	5,802,894	322,390
Sweden, State.....	277,047,500	10,732,638
Switzerland.....	55,474,572	5,004,358
Tunis.....	910,845	44,642
Norway, State.....	86,741,950	2,833,697
Netherlands, municipal.....	121,567,996	3,039,199
Netherlands, private.....	36,100,859	902,521
		1 286,222,226
Independents, United States.....	4,508,047,349	39,511,998.00
Independents, United States, companies less than \$5 000 received.....	750,767,535	6,006,754.30
Mutuals and rural lines.....	1,170,195,096	5,558,426.70
Bell system.....	8,233,136,800	153,210,115.71
Total.....	1 19,572,244,474	1 260,128,184.32

¹ Which when reduced to dollars and cents, equals: \$55,240,889.61.

* These companies (1912 census) represent 1,402,744 phones for which the calls and other financial data are not given. They embrace commercial companies having an annual income of less than \$5,000, as also "Mutuals" and "Farmer or rural" lines. In 1907 the census showed a revenue of 47.5 cents per 100 calls for the mutuals, which is adopted as the rate in the above table, and a utilization of 1,128 calls per phone. Allowing the mutuals the same growth (50 per cent) as shown for the rest of the country, since 1907, the number of their phones should have correspondingly increased from the then 125,956. The rurals had 565,649 phones in 1907, and on the same reasoning the "Mutuals" and "Rurals" would show at present about 1,037,407 phones. Together, at the figure given, this would mean 1,170,195,096 phones. The (1907) revenue per phone for the "Rural" was \$3.97. This would leave 365,337 (of the 1,402,744 unreported phones) upon which to estimate the calls and receipts. Applying the reported experience of the Independents to them we should have 2,055 calls per phone at 88 cents per 100 calls, equaling the figures given in the table.

NOTE 6.—In 1907 the commercial telegrams were 103,838,242, of which 5,923,483, or 5.70 per cent, were transmitted by railway employees. If a like percentage of the number reported in 1912 census were transmitted by railway employees, as seems probable, then the correct number of telegrams per employee was 2,766 per annum, and per day 7.6.

NOTE 7.—

Sweden: Urgent calls, double rate.

France: From 9 p. m. to 7 a. m. three-fifths, and by monthly contract two-fifths, of day rate.

Italy: 9 p. m. to 6 a. m., 20 per cent less; by contract, 40 per cent less on 6-minute, 50 per cent on 12-minute, and 60 per cent on 18-minute call.

Denmark: Urgent, double rates; night, about 50 per cent reduction.

New Zealand: Night rates, one-half.

Germany: Urgent, triple rates; night, monthly subscription, one-half day rate; one-half rates for daily calls, same persons, same time.

Australia: Press rate per 5 minutes, 65 per cent of 3-minute rate.

Austria: Probably same as Hungary.

Hungary: Urgent, triple rates; night, one-half rates for press.

NOTE 8.—The 1909 express report showed a receipt of 50 (50.64) cents per package. The 1914 receipts were \$158,879,059, and the 1913, \$168,880,923, which, at a like rate per package, would give the figures used in the text. While their rates have been reduced some 15 per cent since 1909, the parcel post having taken from them the packages carrying the minimum rates, has probably balanced the 15 per cent reduction, leaving the average receipt per package by express about the same.

NOTE 9.—The first change made in parcel-post rates, August 15, 1913, was to raise the weight limit from 11 to 20 pounds up to 150 miles and to reduce the rate from 3 to 1 cent per pound on the 50-mile zone and from 4 to 1 cent on the 150-mile zone. January 1, 1914, the weight limit was raised to 50 pounds up to

150 miles and to 20 pounds for any distance. The rates on the respective zones were reduced as follows:

To 50 miles from 3 cents to 1 cent per pound.

To 150 miles from 4 cents to 1 cent per pound.

To 300 miles from 5 cents to 2 cents per pound.

To 600 miles from 6 cents to 4 cents per pound.

To 1,000 miles from 7 cents to 6 cents per pound.

To 1,400 miles from 9 cents to 8 cents per pound.

The effect of these changes on the traffic has been to raise the number of shipments from 1 pound and up, as indicated by the counts, as follows:

Count of April, 1913.....	2,820,623
Count of October, 1913.....	4,347,722
Count of April, 1914.....	6,926,034
Count of October, 1914 (increase, 182 per cent).....	7,955,264

The counts were for the 50 largest cities, representing approximately 62 per cent of the parcel traffic, and indicate an annual flow of traffic of—

April, 1913.....	109,200,000
October, 1914.....	307,946,400

which is at the rate of about 3 per capita, as against 4 per capita in Germany and 9 per capita in Switzerland. The high traffic of the Swiss seems to be induced by the very low rates, the minimum being 3 cents, as against 6 cents in Germany and 5 cents here.

NOTE 10.—Brief for a general parcel post, May, 1913, addressed to Postmaster General Burleson, by David J. Lewis, Member of Congress, Library of Congress.

NOTE 11.—Except for the Bell system, the rates are for "two-number" services. Norway, for the "particular-person" service, adds 27 mills for distances up to 100 miles; 57 mills for longer distances. Sweden and Denmark add 67 mills for all distances. Germany adds 60 mills, and Austria 61 mills for all distances. The mill is American currency; i. e., 10 mills equal 1 cent.

NOTE 12.—Commercial Bulletin No. 7, March, 1914, American Telephone & Telegraph Co.

NOTE 13.—Much point is made of the fact that under the American rate the words in the address and signature are not counted. That the granting of these words costs the companies but trivially is shown by the circumstance that some countries charge as little as 2 cents for 10 words above a given number, while even the companies charge less than a half cent a word on 50-word night letters. Whether a message contains 5 words less or more, while important to the patron, is of negligible operative significance if it is getting the highest rate that telegram will pay and move.

URGENT RATES.

An effort is also made to class the American rates with the double or triple charges in some countries for urgent and preferred service. There is no such service here, and if there were it would be as little used as in those countries.

NOTE 14.—The American "toll" and long-distance messages numbered 340,000,000, as given in the census of 1912. Of these it is estimated that one-half consisted of local calls, such as cash calls in booths and by guests in hotels, etc., all of which are included under the word "toll." The estimate is based on the opinion of a competent telephone student.

NOTE 15.—The number of telegraph offices in 1907 was (census) 29,056, of which 6,828 were commercial offices maintained by the telegraph companies and the others railroad signal offices. In 1912 the whole number of both kinds of offices was 30,781, but no segregation is made. Taking the same percentage as in 1907, the commercial offices number 8,499, as given in the text.

NOTE 16.—The data are taken from the following news item of December 10, 1914:

Gives telephone values. Accountant testifies company's property in New York City is worth \$65,961,661. Basing his computation upon the book accounts of the New York Telephone Co., Dean Langmuir, accountant, yesterday testified before the public service commission, in the Metropolitan Building, that the value of the plant of the telephone corporation in New York City is worth \$65,961,661. This estimate, given for the first time, was regarded as valuable by counsel for civic organizations and individuals who have asked for a reduction of telephone rates in this city.

At the outset Seymour Van Santvoord, chairman, and William Temple Emmet, member of the commission, intimated that testimony bearing only upon the plant of the telephone company in New York City would be considered, which caused rejoicing among the petitioners, who are seeking a reduction of rates between the various boroughs.

According to Mr. Langmuir, the central-office equipment of the company is worth \$14,001,178; land and buildings, \$14,725,350; station equipment, \$3,656,166; station installments, \$2,632,386; private branch exchanges, \$4,579,747; booths and special fittings, \$643,432; exchange lines in New York City, \$20,491,931; and toll lines, \$3,349,554.

And number of phones from New York Public Service Commission:

Manhattan	375,567
Bronx	33,748
Brooklyn	105,383
Queens	24,098
Richmond	7,340
	546,136

A like report from Baltimore shows an investment of \$132 per phone September 30, 1910; number of phones, 43,000; book investment, \$5,781,356, less depreciation, \$115,627. I do not know whether it includes the toll lines. It should not, since the

NOTE 18.—

Number of calls which an operator in the Prospect central office, Brooklyn, should handle in the busy hour and the "labor units" of such calls.

[From the Telephone Review, May, 1912.]

From—	To—											
	Other Prospect subscribers.		Other Brooklyn subscribers.		Subscribers in Manhattan.		Subscribers in Newark, Jersey City, etc.		Subscribers in Lakewood, Stamford, etc.		Subscribers at long-distance points. ¹	
	Calls.	Units.	Calls.	Units.	Calls.	Units.	Calls.	Units.	Calls.	Units.	Calls.	Units.
Flat rate, individual line.....	245	1.00	163	1.50	102	2.40	92	2.65	188	1.30	188	1.30
Flat rate, party line.....	245	1.00	163	1.50	91	2.70	83	2.95	153	1.60	153	1.60
Message rate, individual line.....	181	1.35	132	1.85	102	2.40	92	2.65	188	1.30	188	1.30
Message rate, party line.....	148	1.65	114	2.15	91	2.70	83	2.95	153	1.60	153	1.60
Public telephone, individual line.....	181	1.35	132	1.85	102	2.40	92	2.65	188	1.30	188	1.30
Public telephone, party line.....	148	1.65	114	2.15	91	2.70	83	2.95	153	1.60	153	1.60
Prepay coin-box, individual line.....	231	1.06	157	1.56	66	3.70	62	3.95	153	1.60	153	1.60
Prepay coin-box, party line.....	231	1.06	157	1.56	61	4.00	58	4.25	153	1.60	153	1.60
Post-pay, coin-box, individual line.....	98	2.50	82	3.00	66	3.70	62	3.95	153	1.60	153	1.60
Post-pay, coin-box, party line.....	98	2.50	82	3.00	61	4.00	58	4.25	153	1.60	153	1.60

¹ Does not include labor at or in connection with toll board.

The great economy of the automatic system in the case of main exchanges seems to begin at 5,000 subscribers and increases with their number until it becomes as much as one-half of the total working expenses at 40,000 subscribers. The economy consists of three main items—the elimination of the operator, the reduction in the average length of subscribers' wires, and the cheapening of the switchboard unit through complete pliancy to increasing subscribers.

The system has been adopted by the postal establishments of Germany, Austria, France, England, Italy, Australia, and New Zealand, and has been introduced into Canada, Denmark, the Argentine Republic, Cuba, and the Hawaiian Islands and the Far East, and I am informed is in use by the Bell system at Newark, N. J., experimentally, while the Federal Telephone Co., of Buffalo, has recently substituted it in place of the familiar manual system.

Besides its financial economy, it possesses some other advantages, among which is the circumstance that it gives an all-night service under circumstances when the night business might not justify the employment of an operator. Two principal changes would be involved in imposing it on the present manual system, namely, the substitution of an automatic exchange and the attaching of a dial on the receiver.

See Automatic Telephony, Smith & Campbell, McGraw Hill, N. Y.

Monthly Journal, Automatic Electric Co., Chicago.

NOTE 19.—According to the census the average cost per 1,000 calls for exchange operators was \$2.36, or a little less than a quarter of a cent a call.

NOTE 20.—The toll and long-distance table includes all calls except those between subscribers locally, for all countries.

NOTE 21.—These data have been courteously supplied by the Bell system. The number of business phones in Cumberland (November, 1914) was 1,220 and in Washington (July, 1914) 20,088.

The following bill, except matter in brackets in sections 6 and 3, is tentatively presented by the Post Office Department to provide for the acquisition and operation of the telephone network:

A bill to secure to the United States a monopoly of electrical means for the transmission of intelligence for hire; to provide for the acquisition by the Post Office Department of the telephone networks; and to license certain telephone lines, radio and telegraph agencies.

Be it enacted, etc., That in order to promote the Postal Service the Postmaster General of the United States is hereby vested with a monopoly of the function and means of electrical communication for hire within the United States and the Territory of Alaska except as hereinafter provided.

value given was posted for an adjustment of local rates only. However, since the Bell report (1913) gives its average cost of construction as \$111 per phone, and including toll \$141, while the average for the United States, including the independents, local and toll, is \$147, it is apparent that the investment costs per phone in the large cities would not alone justify the disparity in rates. The \$111 local investment per phone is derived from the Bell report of 1913, where the cost per mile of toll-line wire is given as \$70 and the wire mileage as 2,333.541, \$30 per phone for toll lines, and \$141 per phone for local and toll.

NOTE 17.—The rate quoted for New York is applicable within and restricted to the Borough of Manhattan; calls beyond the Borough of Manhattan are subject to a toll charge in addition.

SEC. 2. The telephone systems and networks within the United States and the Territory of Alaska employed in the transmission of communications for hire, and such as may be necessary of the central-office equipment, underground cable, underground conduit, aerial cable, aerial wire, poles, building cable, subscribers' stations, including indoor wiring and drops to premises of subscribers, private branch-exchange switchboards, land, buildings, furniture and fixtures, tools and teams, stores and supplies, and all other property used in the telephone service and appropriate and necessary for the operation of the same by the United States, are hereby declared to be, and the same are hereby, condemned and appropriated to and for the use of the United States of America, to be used by it for such public purposes as may be proper: *Provided*, That this section shall not apply to telephone lines known as farmer lines.

SEC. 3. That it shall be the duty of the Postmaster General, and he is hereby empowered and directed, on the 1st day of July, 1916, to take charge and possession, in the name of, for, and by the authority of the United States of America, of all long-distance telephone lines, and of such interurban toll telephone lines connecting therewith, condemned in section 2, as he may deem advisable. He is further empowered and directed to take charge and possession, immediately or within a reasonable time, of the remaining telephone properties condemned in section 2 of this act, in their entirety or by operating units or divisions or such part thereof as he may deem wise; and it shall be the duty of the Postmaster General to use the properties and facilities of which he has taken possession in conjunction with the Postal Service for the transmission of telegrams, messages, correspondence, and communications under such rates and regulations as he may prescribe in order to promote the usefulness of the service to the public and to insure the receipt of revenue adequate to pay the cost of such service, including depreciation and a sinking-fund charge of 1 per cent per annum on the aggregate amount of the bonds issued for said properties and interest on the bonds which may be issued therefor. The Postmaster General is hereby authorized to use so much of the revenue arising from the telephone and telegraph business as may be necessary to employ persons to operate the service, to pay rents, the costs of maintenance, and such other expenses as may be essential in the conduct of the service, and shall render a report in detail of such expenditures to Congress at the beginning of each regular session thereof.

The positions of all employees engaged in operating the service under this act shall be within the classified civil service of the United States, but any employee who remains in the service after the properties are acquired by the Post Office Department shall not be given a classified status until he establishes, under rules and regulations to be prescribed by the Civil Service Commission and to the satisfaction of the Postmaster General, his capacity for efficient service.

There is hereby constituted a board of directors of the Post Office Department to consist of seven persons, as follows:

Two telephone electrical engineers, one person skilled in the parcel or express traffic, two persons skilled in financial matters, one person skilled in transportation, one person experienced and skilled in postal administration.

It shall be their duty to act in an advisory capacity to the Postmaster General on matters affecting the administration and development of the Post Office Department, to initiate improvements in the service to the public, and safeguard the revenues thereof. Their tenure of office shall be 10 years, and salary

\$10,000 per annum, payable monthly. They shall be appointed by the President, by and with the consent of the Senate, from a list of 14 persons submitted to the President by the Interstate Commerce Commission (Civil Service Commission) and certified by it to be specially reliable and expert in their respective professions.

SEC. 4. That immediately after the passage of this act it shall be the duty of the Interstate Commerce Commission to proceed to appraise the values of the properties condemned and appropriated by section 2 of this act, such appraisals of the parts to be made in the order in which the Postmaster General elects to take them over and award to the respective owners thereof just compensation therefor, and said Interstate Commerce Commission shall, as soon as possible, file an inventory of the physical assets in use and useful in conducting such service and the values of the same, proper allowance being made for depreciation. Each Commissioner of Interstate Commerce shall make oath before a judge of a court of the United States to faithfully perform such duty, and each person employed by said commission for such purpose shall make oath before one of said commissioners to report to such commission all facts and circumstances connected with the determination of the values of such properties. The said Interstate Commerce Commission shall have power, and it shall be its duty, to summon witnesses with books and papers before it for either of the parties, and to require such witnesses to testify, and it shall give to each party a full hearing on the compensation to be awarded; and it shall be the duty of said commission to file a separate award of appraisal for each distinct ownership of such condemned properties, and give notice of the filing of such award to the Postmaster General and the owner thereof. It shall be the further duty of the Interstate Commerce Commission to prescribe such methods of keeping records and accounts as may be necessary to determine the changes, by improvements and extensions and depreciation in the condition of the properties appraised and the changes in the values thereof between the date of the original appraisals and that of taking possession by the Postmaster General, if any such interval there be, which differences in values, if any, shall be added to or deducted from such original awards. And if either party be dissatisfied with the amount of such award it may, on appeal by either party, be reviewed by the circuit court of appeals of the United States having jurisdiction where the owner has its principal office, which circuit court of appeals is hereby vested with jurisdiction for such purpose; and an appeal may similarly be taken from such circuit court of appeals to the Supreme Court of the United States for a final review of the amount of the award. Such final award shall bear interest at the rate of 4 per cent per annum from the date the Postmaster General shall have taken possession of the property until the date of its final payment, which interest may be paid quarterly to the owners pendente lite on such principal sum as may, for that purpose, be agreed upon between the Postmaster General and the owner; the excesses or shortages, if any, of payments of interest, as determined by the amount of the final award, to be credited or debited thereto as the award may finally warrant.

SEC. 5. That the Secretary of the Treasury is hereby authorized and directed to make payment to such telegraph and telephone owners of the money adjudged to be due them by said awards as aforesaid out of the Treasury of the United States, and said telephone owners shall be entitled to payment of such awards as compensation from the Treasury of the United States after the Postmaster General takes possession of the property valued in said awards, and the amounts of said awards are hereby appropriated to the parties entitled thereto out of the Treasury of the United States.

SEC. 6. That the Secretary of the Treasury shall cause to be issued from time to time in the proper form bonds of the United States of America in denominations of \$20 or multiple thereof, in such sum or sums as may be necessary to make payment of such awards, and also from time to time, as necessity requires, bonds to the maximum sum of \$70,000,000, to be used by the Postmaster General for extensions and improvements of the telegraph and telephone service and to provide for the reimbursement of the depreciation reserves for funds advanced for extensions. Such bonds shall be exempt from all taxes or duties levied by the United States or any State, county, or local governing body, and the interest thereon shall be paid quarterly. All citizens shall have an equal opportunity to subscribe therefor, and a sum not exceeding one-tenth of 1 per cent of such bonds, or so much thereof as may be necessary, is hereby appropriated out of the Treasury to defray the cost of preparing, advertising, and issuing the same. Said bonds shall be payable within 50 years from the date of issue and shall bear interest at the rate of 3 per cent per annum, and the Secretary of the Treasury shall maintain a fund for the payment of such interest and for the redemption of the bonds issued under this act; and for such purposes the Postmaster General shall pay quarterly out of the receipts of such service into the Treasury of the United States a sum equal to such interest and a redemption charge equal to 1 per cent per annum of the aggregate awards. The said sinking fund shall be invested from time to time in such securities as the Secretary of the Treasury may deem secure and profitable. The sum of \$1,000,000, or so much thereof as may be necessary, is hereby appropriated out of any money in the Treasury not otherwise appropriated, \$500,000 of which sum may be used by the Post Office Department and a like sum by the Department of Justice in order to defray the expenses incurred by these departments incident to acquiring such properties.

Until January 1, 1920, there shall be paid from the revenues by the Secretary of the Treasury to the respective States, municipalities, counties, and minor civic authorities the same amounts in taxes payable by the owners at the time the Postmaster General shall take possession, and he shall make provision to continue any institution for the relief of injured, sick, or superannuated employees which he may find in operation.

SEC. 7. That the Postmaster General shall annually set aside out of the gross receipts of the telephone and telegraph business a sum not to exceed 10 per cent of the value of such telephone properties owned by the United States as a depreciation fund which he may invest and expend to extend and develop such systems of electrical communication, and the Postmaster General may lease, purchase, or condemn in the name of the United States such property as may be necessary therefor, including, by agreement, "farmer lines." He may also confer the

privilege by license on any State, county, municipality, company, association, or individual, under such regulations and conditions as he may prescribe, to construct and operate telegraph or telephone lines as well as telephone exchanges and radio stations, or he may require that the same be operated by the Post Office Department, but he shall stipulate in said license the right of purchase by the United States.

SEC. 8. That the existing telegraph companies which have accepted the provisions of the act of Congress of the 24th day of July, 1896, are hereby licensed to do a telegraphic business, subject to the act to regulate commerce between the several States, until they are acquired. The lines of telegraph or telephone which are now or hereafter may be used in connection with the operation of any railroad are hereby licensed to do an exclusively railroad business; and the existing "farmer lines" and radio and wireless stations are hereby licensed to do a telephone and radio business, subject to the provisions of existing laws. And the owners of the telephone properties condemned in section 2 of this act are also hereby licensed to continue the business in which they are engaged until said properties are taken possession of by the Postmaster General under section 3 of this act.

SEC. 9. Whoever shall construct and operate any telephone or telegraph line for the conveyance of messages or communications for hire without first securing from the Postmaster General a license so to do in accordance with section 7 of this act shall be fined not less than \$1,000, or imprisoned not less than one year, or both.

Whoever shall willfully interfere with the operation of any telephone or telegraph line operated by the Post Office Department or with the transmission of any telephone or telegraph message over lines operated by the Post Office Department or with the delivery of any such message, or whoever being employed by the Post Office Department shall divulge the contents of any such telephone or telegraph message to any person not authorized to receive the same shall be fined not exceeding \$1,000, or imprisoned not less than one year, or both.

All statutes relating to offenses against the property belonging to or in use by the Post Office Department, or the embezzlement, conversion, improper handling, unlawful retention, use, or disposal of postal or money-order funds, and to offenses against the mails, and the punishment provided for such offenses are hereby made applicable to the telephone and telegraph and radio service operated by the Post Office Department.

All acts or parts of acts inconsistent herewith are hereby repealed.

Mr. STEENERSON. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman and gentlemen of the committee, I am opposed to this legislation, which substitutes other officers in the Postal Service for the assistant postmasters. In the post office in the city of Atlanta, in my district, the receipts are about \$1,450,000 a year. On account of the great volume of business done there the assistant postmaster in that office is the real administrative officer. I see by the provisions of this bill that his salary will be decreased about \$600 a year. The bond given by a postmaster to the Government of the United States in a post office of that size is a large one. While it is true that under the system proposed here the postmaster would have the same right of selection of the superintendent of finance that he has of the assistant postmaster, the duties imposed under the provisions of this bill on what is now the assistant postmaster are greatly multiplied, and I do not believe that in an office where the receipts are nearly \$1,500,000 any one man can comply with the duties imposed by this bill.

Now, as I said, the postmaster gives the bond. He is responsible to the Government of the United States for not only the administration of the office, but he is the guardian of all the Government property—its stamps, its money-order business, its registry business—and he selects the man in whom he has confidence to administer the duties imposed upon the present assistant postmasters. I do not believe that it is possible, and I have read this bill pretty carefully, to get any one man on earth in a very large office to intelligently discharge the duties that are imposed under the provisions of this bill.

Now, there is nothing in this political talk indulged in by Members about putting Republicans in and Democrats out, or Democrats in and Republicans out. We do not enter into this argument at all as to whether it is wise or unwise, because under the present system, if there happens to be a Republican who is obnoxious to a postmaster, all on earth he has to do is simply to recommend his demotion and he is demoted. I do not suppose that there is a single instance where there has been proposed that an assistant postmaster be demoted under this or any Republican administration that it has not been adhered to by the department.

Then it gives a right to the postmaster himself to select who shall be his assistant postmaster. Now, I do not think that any man who is handling a million and a half dollars of the funds of this Government ought to be handicapped in the selection of his assistant.

Mr. STEENERSON. Will the gentleman yield?

Mr. HOWARD. With pleasure.

Mr. STEENERSON. In the case of Atlanta, is it not a fact that the assistant postmaster would be required under the new plan to do additional work and for about \$600 less pay?

Mr. HOWARD. That is true. That is what I remarked a moment ago. You have multiplied his duties and reduced his salary.

Mr. STEENERSON. And he must also give a bond and pay for it.

Mr. HOWARD. That is true. Now, I will say that I do not believe that this piece of legislation will be satisfactory to my district. In fact, I know it will not. I am in favor of economy, and my record here is consistent so far as economy is concerned, but I am not going to indulge in foolish economy. [Applause.] I am not going to dissatisfy or disarrange the post-office employees in the city of Atlanta by reducing salaries and increasing the labor. That is what this does. You get the service demoralized by doing such a thing as this; you can not get the most efficient service from these men.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. STEENERSON. Mr. Chairman, I yield five minutes to the gentleman from Colorado [Mr. KINDEL].

Mr. KINDEL. Mr. Chairman, I doubt if any of you have seen any of the reports that are supposed to have been gathered during the period of October 1 to the 15th on the results of the parcel post. Last week I had occasion to go to New York for the special purpose of determining the status of profit or loss on the parcel post as it affects New York City and Brooklyn. I made the statement to the New York World reporter that the New York people, the unsophisticated, the not-knowing ones, who have implicit confidence in our Government, were held up to the tune of over \$1,000,000. I now say a million and a half. I came from New York, after having worked on that report for several days, to get the leave of our post office, from the assistants at the building down here, to check it up, and I was told that the reports were not available. Have any of you gentlemen seen the reports? Now, in order that you may know what I said in the New York World, I will ask to have the Clerk read this article to the committee.

The CHAIRMAN. The Clerk will read in the gentleman's time.

The Clerk read as follows:

ONE MILLION DOLLARS A YEAR "LARCENY," HE SAYS, BY PARCEL POST—REPRESENTATIVE KINDEL ASSERTS NEW YORKERS PAY ANNUALLY THAT MUCH EXCESS OVER EXPRESS RATES—THE PUBLIC SLOW TO USE FARM-TO-TABLE SERVICE—4,940 PACKAGES BETWEEN 20 AND 50 POUNDS SHIPPED HERE WITHIN 150-MILE ZONE IN TWO WEEKS.

Representative GEORGE J. KINDEL, who was sent to Congress largely because of his 20-year fight for equitable express and freight rates for Denver, has been in New York since last Thursday looking into the operation here of the parcel post. He went back to Washington last night declaring that he had "new proof of the petty larceny of the system."

"New York people," he said to a reporter for the World, "are paying not less than \$1,000,000 a year more for service by parcel post than they would for the same service by express. For distances of from 50 to 150 miles the parcel post beats express, and for uninsured 5-pound packages up to 600 miles. But beyond that it's very different."

"Between New York and Boston the parcel-post rate on 20 pounds is 44 cents. Post Office officials say they pay the railroads 33 cents for this haul, but the express company will pick up the package, insure it for \$50, and deliver it at the other end, all for 36 cents. Isn't it petty larceny for the Government to accept 44 cents for service that a man can get done next door for 36 cents?"

EXTRA INSURANCE FEE.

"To get \$50 insurance by parcel post means an extra fee of 10 cents. When that is taken into consideration, parcel-post rates meet express rates on 5-pound packages in the 300-mile zone, they practically meet them on 10-pound packages in the 150-mile zone, and they do meet them on 20-pound and 50-pound packages in that zone. When you get to the 1,000-mile zone—New York to Chicago, for instance—the insured rates by express and parcel post are, respectively, as follows: Five pounds, 31 and 42 cents; 10 pounds, 42 and 72 cents; 20 pounds, 64 cents and \$1.32.

"Now, here comes the thing that angers me. The new express and parcel-post rates which went into effect February 1 last were fixed by the Interstate Commerce Commission, which said to the express companies, 'You must put in these rates,' and to the Post Office Department, 'You may put in these rates.'

"When was the commission right—when it ordered the present express rates or when it approved the present parcel-post rates?"

"We are paying \$2,000,000 for the Interstate Commerce Commission, and that is the kind of service we are getting. I have been making speeches in the House about this for the past year, and I have been declaring that if we were statesmen instead of false alarms we'd appoint a committee to investigate the commission and do what any business house would do—discharge the commissioners or impeach them for dereliction, if not for inefficiency."

TWO WEEKS' TRAFFIC HERE.

While in New York Mr. KINDEL got the figures of the parcel-post traffic here for the two weeks ending October 15. To all zones, 8,994,175 packages, weighing 9,491,747 pounds, were carried in that time, the postage paid being \$521,361.54. By zones this business was distributed as follows:

First (50 miles), \$11,180 packages, postage, \$38,410.57; second (150 miles), 1,125,529 packages, \$48,609.21; third (300 miles), 1,262,918 packages, \$54,846.03; fourth (600 miles), 1,173,216 packages, \$62,675.28; fifth (1,000 miles), 1,411,718 packages, \$74,035.48; sixth (1,400 miles), 1,243,944 packages, \$69,275.07; seventh (1,800 miles), 770,929 packages, \$72,919.77; eighth (over 1,800 miles), 773,129 packages, \$83,375.72.

"You will notice from these figures," Mr. KINDEL said, "that the average weight of the packages was less than 1 ounce over 1 pound. The meaning I read in that is that people are chiefly sending by the 'new' parcel post the things they sent by the 'old.' The great glory of the parcel post, you know, was to be its effect on the cost of living—as the Democratic 'record of achievement,' used in the last campaign, put it, 'so that the life of the city man as well as the farmer has been made easier and cheaper.'"

"You are not going to reduce the cost of living by packages that weigh a pound each. This result was to have been achieved by the extension of the parcel post to packages weighing 20 pounds, a limit that has since been raised to 50 pounds. Well, what happened in New York during these two weeks?"

"In the local, first, and second zones the number of packages weighing above 21 pounds was 4,940; their weight was 141,482 pounds, and the postage paid on them was \$1,378.99. The bulk was just one-sixtieth of 1 per cent of the total."

BEATING THE PARCEL POST.

"If you in New York want to know exactly how the parcel post works out, ask a mail-order man about it. He will ship 100 pounds by express to Des Moines, for example, break the package up there into five 20-pound parcels, and reship by post. He will save \$5 per 100 pounds on the all-parcel-post rate by doing so."

"They are doing it right along, and in their saving they are figuring the hire of the boy that breaks bulk and pastes on the stamps at the reshipping point."

"Let me give you one other illustration of our system: Lord & Taylor have houses in both this country and Germany. The rate on their 11-pound parcels from Germany to Cuba is 50 cents; to Costa Rica, 55 cents; to Mexico, 55 cents; to Nicaragua, 85 cents; to Panama, 60 cents; to Colombia, 90 cents. The tax levied on parcels from their American houses to all countries with which we have parcel-post conventions is \$1.32. From Germany they can post 11 pounds to San Francisco for 81 cents; from New York the rate is \$1.32."

"What I want to do about all this is to have the weight limit increased, first of all, to 100 pounds. Then I want the rates revised. To illustrate what I would do, let me take a shipment from Baltimore or St. Paul to New Orleans. The express rate in each instance is \$4, of which approximately one-half is paid to the railroads. The parcel-post rates are \$6.02 and \$8.01, respectively."

HIS IDEA OF RATES.

"If I were the Government, I would say: 'Mr. Railroad, in order that you shall not have any complaint, and since you dare not attack the rates fixed for you by the Interstate Commerce Commission, instead of giving you \$2 I will give you 50 per cent more; I will pay you \$3.' Then I would add the rate that Postmaster General Burleson figures for the delivery of the parcel, namely, 30 cents. That would produce a parcel-post rate of \$3.30 instead of \$6.02 or \$8.01."

"You can't get away from that. It's a question of mathematics and, since it is, the next generation will have a real parcel post, even if we don't get one."

Mr. KINDEL has worked out a complete parcel-post tariff on this basis, and he said last night that he meant to devote as much of the remainder of the present session as possible to impressing its merits on the House.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KINDEL. Can the gentleman from Minnesota kindly extend my time?

Mr. STEENERSON. I will yield the gentleman two minutes.

Mr. KINDEL. Mr. Chairman, I would say the only one way to arrive at that is to build a map and take 50 points, or any other number of points, and distribute them and then have them interlocking one with the other. I have done that in this case [exhibiting map] and find that the city of Portland, Me., out of 23 points I have named here in green, there are 50 points where the parcel-post rate on 20 pounds is 50 per cent higher than the express rate. My contention is that a post office, to be honest, should put a sign on the outside in a case like this for people to see, "If you want to save money, ship by express, because we will have to charge you anywhere from 50 to 100 per cent higher in some cases." I say it is wrong. It is not the smart, it is not the business man whom it catches, but it is the unsophisticated. In New York alone, as I pointed out at the outset, there was lost over a million dollars. Whom was that taken from? Not from the very rich, but from the unsophisticated I again say, who do not know the real condition that applies, because at one point the rate is right, but, as the gentleman from Washington [Mr. JOHNSON] so ably pointed out this morning, on the average distant point you find the parcel post is entirely out of line with every other line of transportation. You are loading down, you are defrauding the mail service by insisting on picking on the rural and star route all of this first and second zone parcel-post business. I my own State we can ship from Denver to Steamboat Springs at \$1.04, and by freight it is \$1.60. We no longer need the cow train or freight train. We do it all by passenger train now. The parcel post, more than anything else, is knocking out our railroads. I believe in being fair in all things, and if we had some of these assistant postmasters engaged in looking into—

The CHAIRMAN. The time of the gentleman has expired.

Mr. KINDEL. Mr. Chairman, I wish to extend my remarks.

The CHAIRMAN. The gentleman from Colorado asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

Mr. KINDEL. Having been given but seven minutes to discuss so important an economic question as the parcel post, which affects every citizen in the land, it is ridiculous to expect that it can be intelligently discussed in so brief a time and explain why the House of Representatives and the Senate have such a meager fund of information on the subject.

The published interview, just read, brought forth several letters of commendation, among which are these highly prized letters, as follows:

["Davies cars"—Fast freight refrigerator service—Economy, safety, and efficiency—6 Harrison Street.]

NEW YORK, December 22, 1914.

Hon. GEORGE J. KINDEL,
House of Representatives, Washington, D. C.

MY DEAR SIR: I was agreeably surprised and edified upon reading the interview published in the World this morning setting forth some of your instructive views on railroad matters.

I was sorry that I had not known of your coming here. It is always a real pleasure with me to discuss with you the tragedies of transportation that are presented before the American people under the auspices of their Government.

I am always glad to inspect the last contribution of the hides of the vermin that are nailed on your barn door. The time is not far distant when even the vermin themselves will observe the collection and take note of it.

This splendid service which you have been doing for the people at such personal sacrifice and labor to yourself is, to anyone interested in the problems as you discuss them, a source of valuable instruction, and if you can keep this up for a year or two a much greater good will be accomplished than through any attempt that you may make to tell a bunch of honorable gentlemen in Congress anything that relates to transportation questions. It is only by building a fire under our Congressmen, such as you are doing, that gives the people encouragement and hope that after a while—if you make it hot enough—they will warm up to the subject and manifest their approval of your honest and tireless efforts.

Very sincerely, yours,

ED. GEO. DAVIES.

COBBLE HILL FARM, Lanesboro, Mass.

Congressman GEORGE J. KINDEL,
Washington, D. C.

MY DEAR SIR: I am much gratified to note from the newspapers that there is at least one Congressman who is thoroughly alive to the disgraceful conduct of the Post Office Department, which is doing business under false pretenses in regard to parcel post. It is more than surprising that such unjust treatment of the railroads and other carriers of mail should be sanctioned by the officials who are responsible for the formulating of administrative plans. . . . The parcel post should be run on an equitable and honest basis or not at all.

You have taken the right and honest side of the parcel-post matter. Will be glad to learn of any action looking to the operation of a parcel post void of robbery and injustice.

Very truly, yours,

HENRY I. NEWELL.

Under leave to print I must ask your indulgence to again publish in the RECORD comparative tables of parcel post and express tariff for your perusal, more particularly a graduate on 20-pound parcel post, which is the weight limit beyond the second zone at present; also a graduate on the 100-pound limit, which the Postmaster General contemplates putting into effect soon. These, together with other accompanying tables, will no doubt be of great assistance to students and prospective shippers of parcels, especially to the credulous and uninitiated, who believe in the false statements sent out by the Post Office Department that the present parcel post has cheapened the cost of living.

On my return from New York I asked to see the original copies of reports of the New York office, that I might check them over here. I was told very curtly by those in charge, "The reports are not available." Has any Member on the floor of this House seen any of the several reports reputed to have been made on parcel post; and if not, how can we be expected to proceed to act intelligently on the Post Office appropriation bill?

Having, however, obtained sufficient data from the copies of the New York reports, I stand ready to challenge any member of the Post Office Department or the Interstate Commerce Commission, or either or both of the House committees, that none can successfully refute my allegations that Greater New York is paying \$1,500,000 excess on parcel post over what it would pay by express on packages weighing over 5 pounds and beyond the second zone per year, providing the report of October 1 to 15, as analyzed, is taken as an average of a year's business.

The main purpose of my address is to inform the unsophisticated, who believe the Government can do no wrong, and thus save them from petty larceny now being practiced on them through the parcel post. It is a case of "Many mickles make a muckle," as shown here, that these many parcels amount to over \$10,000,000 in one year's business in Greater New York, of which \$1,500,000 is excessive and inexcusable.

Since the numbers of parcels, weights, and zones are known, and the rates of both parcel post and express are published, it only requires a little mathematical calculation to substantiate my charge, on which I stand ready to submit further proof if necessary.

The whopping story by the Post Office Department that parcel post makes living cheaper is not borne out by the facts—see Tables No. 1 and No. 2—neither has the increase of weight from 20 to 50 pounds to the second zone increased the traffic to the volume expected or desired in the East, where it is less than one-half of 1 per cent on packages above 20 pounds to the second zone, when compared with the volume of the entire business, in respect to both weight and proceeds; and how could this be otherwise? Take the 20-pound rate between Chicago and New York, the parcel-post rate is \$1.22 uninsured, while by express insured it is only 64 cents. Now, suppose we apply the argument of the Postmaster General on reducing the cost of living through the parcel post, and what do we find? Edibles are 25 per cent less than merchandise rate by express. The merchandise rate on 20 pounds being 64 cents, the edible rate thus becomes 48 cents, as against \$1.22 by parcel post, and uninsured at that. What kind of an imagination is here required to make you feel satisfied that the cost of living is made cheaper by parcel post? And yet this political accident of a Postmaster General, who may know all about hog cholera and foot-and-mouth diseases, but who does not know the first principles of transportation, is setting himself up as an authority on economics, and is now presumptuously advocating governmental ownership and control of the telephone and telegraph, notwithstanding his manifest botch of the parcel post herein exposed; and to think that we have a pedagogue of a President, who is supposed to be master of mathematics and economics, who humors such a farce, and, in addition to that, who appoints men on the Interstate Commerce Commission whose greatest recommendation is that they were railroad attorneys and have sanctioned the present parcel-post rates confessedly with a rubber stamp.

HOW IT WORKS OUT.

My friend the gentleman from North Dakota [Mr. Young] has been learning something about the parcel post, but not without cost. He likes butter, and he wants the best, which he claims is made in North Dakota. Having repeatedly read the long-winded effusions of our Postmaster General on "how the parcel post aided in making the cost of living cheaper," he concluded to give it a trial, hence ordered an 8-pound shipment of butter. In transit the butter was evidently placed over a heater, for it had melted and leaked out. Mr. Young's surprise and disappointment can be better imagined than described when he discovered the container empty and 73 cents of canceled stamps plastered over it.

By express this package, insured, would have cost 53 cents. He was informed by the postal authorities that he could not recover the loss, for the reason it was not insured. Mr. Young, like many other parcel-post victims, now uses the express companies, which is cheaper and always insured.

On the express rates the Interstate Commerce Commission says in its report:

No rate prescribed in the order hereto attached has been made without an investigation and hearing. The rates determined by the commission to be reasonable and just have also followed a like exhaustive investigation, and have also been in detail submitted to the analysis and criticism of the respondents and of shippers throughout the country for a period of several months.

That was under Commissioner Lane.

Can our present commissioners say that they examined into the parcel-post rates before putting on the required O. K.? If not, why not? Why did Congress insist that no rates shall be made by the Postmaster General without the knowledge and indorsement of the Interstate Commerce Commission?

Again, the generally accepted opinion that the present parcel post is of untold benefit, especially to the rural dwellers throughout the country, was rudely dissipated by the remarks of the gentleman from Washington [Mr. Johnson], who to-day pointed out—

WHY CERTAIN STAR ROUTES HAVE COLLAPSED.

The extension of the parcel post, while a great blessing generally (?), has been fatal to mail routes in the mountains. Pioneers away out yonder who can keep in touch with the world only by means of letters and papers now receive neither. Time was when the mail carrier came through once or twice a week, regardless of storm or the condition of roads; now they come no more. Their bids for carrying the mails, including the 50-pound packages, are so high that the department declines to accept them.

Thus the railroads throughout the Rocky Mountain region are frequently forced to discontinue freight trains and substitute mail cars, for which no adequate compensation has been allowed, and rural routes are often suspended, to the detriment of our citizens and section; yet we are reminded by the Democratic textbook of 1914, in its concluding paragraphs on parcel post, that—

Eventually parcel post should provide universal parcel-transportation service, moving at true economic rates a sufficient number of direct shipments to reduce materially the cost of living and to ameliorate the condition of all the people.

Cautiously, vigilantly, earnestly, enthusiastically the present administration is addressing itself to the attainment of this ideal.

The following telegram tells quite a different story:

MANCOS, COLO., January 1, 1915.

Hon. GEORGE J. KINDEL, M. C.,
Washington, D. C.:

December 31 we sent Ganado, Ariz., 10,000 pounds oats parcel post, three equal lots to follow December 26. Shipment refused by postmaster on instructions from Washington. Requested postmaster to wire Washington our expense. No answer yet. Needless delay causing loss at both ends. Can you help us out, or is this parcel post applicable only to mail-order houses or other favorite parties? One thousand pound shipments declined December 30 also.

MILLER HARDWARE CO.

In the East the Postmaster General is frantically endeavoring to increase the parcel-post business in order to reduce the cost of living (?). In my section and beyond he reverses himself and refuses the business when offered. Where is he right?

The profound indifference of the general public west of the one hundredth meridian on the subject of transportation is amazing; every conceivable transportation discrimination is heaped upon them, coming and going. For a score of years it has been my purpose to call their attention to the facts and arouse them from their lethargy by publishing these tables of comparison.

Of my previous speeches on this subject I have sent out so many that I find myself poorer by several thousand dollars than I was before I was honored to represent my constituency on the floor of this House.

"WHAT FOOLS THESE MORTALS BE."

Because I rubber stamped the cost of my speeches on the back of them, the Post Office Department saw fit to send me a bill for \$4,000 for having sent out 200,000 copies. Many inquiries come to me, "Have you paid that \$4,000 post-office bill yet?" My answer is, "No; and I never shall (shell out)."

In order that I may not again be caught inadvertently violating the postal laws (?) or depriving myself of the franking privilege, I must inform my readers that I can no longer supply them with my speeches gratis. The cost on the average of a CONGRESSIONAL RECORD is about 10 cents. My speech alone in RECORD form will cost probably not more than 1 cent each. I will undertake to supply them to commercial bodies at cost, which I guarantee will not be over 1 cent per copy. All others will please inclose 1-cent stamp for each copy desired. My having inserted this and made it a part of my speech makes it frankable; otherwise not. What a joke!

Now, if our Post Office Department were half as zealous to correct and make efficient, especially the parcel-post branch, as they are to punish an insurgent who continues to fearlessly denounce the idiotic graduate and rules that control the parcel post, or to devote their time and energy to business instead of politics, then we would soon enjoy a beneficent and profitable parcel post, as do the other countries so frequently referred to as model systems.

Just at present the powers that be are engaged in the scandalous performance of ousting the Hon. Joseph H. Harrison, the postmaster of Denver, on account of alleged inefficiency. He is a Republican—enough said. Why make such a hypocritical excuse? Just as soon as the Democratic Senators of my State can agree on his successor Mr. Harrison will be politically decapitated, although he is one of the most efficient and gentlemanly postmasters in these United States. I have known him as a splendid fellow townsman for 35 years. I venture the prediction if tried before a jury of his peers, he not only would be acquitted on the infamous charge but would be commended as an A1 ideal postmaster.

What a travesty on "honor, justice, and efficiency" for the Post Office Department to use these adjectives!

What if we had a captain of industry like Mr. Ford, of automobile fame; Mr. Wanamaker, of department-store fame; Mr. Woolworth, of the tallest-building fame, at the head of our Postal System? With a man of their caliber as our Postmaster,

how long would political hacks such as our Third Assistant Postmaster continue feeding at the public crib?

What valuable service has he rendered to entitle him to a perpetual meal ticket at the hands of our Government?

I have repeatedly challenged the department, or any of its champions, to meet me on the floor of the House or elsewhere to reconcile, if they thought it possible, the foolish and unjust graduate and rules I complain of, so that the public may be spared further suffering of the petty larceny tricks the parcel post now imposes upon them.

In view of the fact that President Wilson, in his message of December 8, indicated early adjournment of the House, which reads—

Our program of legislation with regard to the regulation of business is now virtually complete—

Therefore no action to reform parcel post can be hoped for in the near future which would correct the errors complained of. I now suggest the adoption of this general rule to the public, especially east of the Mississippi River, which should be given the widest publicity through the press and otherwise:

(Never ship above 5 pounds beyond the third zone.

Warning: (Never ship above 10 pounds beyond the second zone.

(Never ship anything edible by parcel post.)

The merchants of the country are crying out "Send business men to Congress. Why should business be the football of politics?" But when they get here, unless they have got a working majority, they will not cut much ice with this overwhelming body, which is composed of 95 per cent of Democratic lawyers of whom southerners are largely in control.

However well intentioned and fitted you may be for any special work, you are not permitted to butt in on the circle of control. You ask at headquarters for reports to study and check up, as I did at the Post Office Department, and you are told "it is not available." What are you going to do about it other than I am doing now—to publish to the world the facts in the hope that the people will become aroused and interest themselves sufficiently to select proper and vigilant business men to represent their interests here?

In conclusion, I would call attention to the magazine section of our Sunday papers of January 3, in which appeared another one of the frequent effusions of several pages by our Postmaster General on parcel post on the theme of how the parcel post reduces the cost of living. Here is a sample of his advice:

When writing to the farmer for his prices it is well to tell him what the same articles are costing in the city markets at the time. This is advisable, because some farmers have an exaggerated idea as to the prices that city people are willing to pay for fresh country produce, whereas others are entirely moderate and reasonable.

"For downright rot and piffle that takes the bakery." Why does not Mr. Burleson publish figures and tables to prove it? "A truth once told, in however feeble voice, is bound to be heard."

The cost of transporting a 20-pound parcel-post package from New York to Newark, N. J., is 24 cents. The parcel post has an advantage there. For distances 50 miles and 150 miles the parcel post beats the express company; but here in this table, No. 2, is shown what the Government pays the railroads for hauling. In the zone from New York to Boston the parcel-post rate on 20 pounds is 44 cents. The Post Office officials say they pay the railroads 33 cents; but the express company picks up the package, insures it for \$50, and delivers it at the other end, and does it all for 36 cents. Is it not petty larceny to accept 44 cents for the service when a man can go next door and get it done for 36 cents? And as you go down the line it gets more violent.

In the Saturday Evening Post of January 31, 1914, appeared an advertisement of the express company, showing new and old express rates. Instead of reproducing the old express rates I have substituted the parcel-post rates for comparison and the enlightenment of the public, which is being fluked by both the express company and the United States post office.

The new express and parcel-post rates, effective February 1, 1914, were both in conformity with the Interstate Commerce Commission. When was or is the Interstate Commerce Commission right? When they ordered in the present express rates or when they sanctioned and approved of present parcel-post rates?

¹ Express rates on edibles are 25 per cent less than merchandise rates. See tables 1, 2, and 4.

Table No. 1.

	From New York to—								
	Newark, N. J.	Philadelphia, Pa.	Boston, Mass.	Pittsburgh, Pa.	Grand Rap- ids, Mich.	Des Moines, Iowa.	Denver, Colo.	Salt Lake City, Utah.	San Fran- cisco, Cal.
	Zones.								
	1	2	3	4	5	6	7	8	8
5 pounds.									
Parcel post.....	\$0.09	\$0.09	\$0.14	\$0.23	\$0.32	\$0.41	\$0.51	\$0.60	\$0.60
Post-office railroad cost.....	.425	.675	.105	.18	.28	.28	.48	.58	.73
Express rates.....	.23	.23	.24	.26	.30	.35	.47	.58	.71
(Merchandise.....)									
(Edibles.....)	.19	.19	.18	.20	.23	.27	.37	.44	.54
Kindel proposed rate.....	.13	.15	.18	.23	.27	.29	.38	.47	.57
10 pounds.									
Parcel post.....	.14	.14	.24	.43	.62	.81	1.01	1.20	1.20
Post-office railroad cost.....	.055	.105	.18	.33	.53	.73	.93	1.13	1.46
Express rates.....	.25	.27	.28	.33	.41	.51	.75	.95	1.22
(Merchandise.....)									
(Edibles.....)	.19	.20	.21	.25	.31	.39	.57	.62	.90
Kindel proposed rate.....	.18	.20	.25	.30	.36	.43	.56	.76	.97
20 pounds.									
Parcel post.....	.24	.24	.44	.83	1.22	1.61	2.01	2.40	2.40
Post-office railroad cost.....	.08	.18	.33	.63	1.03	1.43	1.83	2.23	2.86
Express rates.....	.31	.34	.36	.46	.62	.82	1.30	1.71	2.24
(Merchandise.....)									
(Edibles.....)	.24	.26	.25	.35	.47	.62	.98	1.29	1.68
Kindel proposed rate.....	.25	.30	.35	.42	.54	.69	1.05	1.35	1.76
50 pounds.									
Parcel post.....	.54	.54	1.04	2.03	3.02	4.01	5.01	6.00	6.00
Post-office railroad cost.....	.16	.35	.75	1.53	2.53	3.53	4.53	5.53	7.03
Express rates.....	.47	.65	.60	.85	1.35	1.85	2.85	3.98	5.30
(Merchandise.....)									
(Edibles.....)	.36	.49	.45	.64	1.02	1.59	2.22	3.01	3.98
Kindel proposed rate.....	.50	.63	.70	.79	1.16	1.54	2.36	3.14	4.13
100 pounds.									
Parcel post.....	1.04	1.04	2.04	4.03	6.02	8.01	10.01	12.00	12.00
Post-office railroad cost.....	.38	.78	1.53	3.03	5.03	7.03	9.03	11.03	14.16
Express rates.....	.75	1.10	1.00	1.50	2.30	3.30	5.70	7.75	10.40
(Merchandise.....)									
(Edibles.....)	.57	.83	.75	1.13	1.73	2.48	4.28	5.82	7.80
Kindel proposed rate.....	.75	1.00	1.05	1.42	2.03	2.77	4.57	5.59	8.10

The following tables are illustrative of some of the differences between the express and parcel-post rates as now in effect:

TABLE No. 2.—Merchandise rates.

	5 pounds.		10 pounds.		20 pounds.	
	Ex- press.	Parcel post.	Ex- press.	Parcel post.	Ex- press.	Parcel post.
Between New York and—						
Chicago.....	\$0.31	\$0.32	\$0.42	\$0.62	\$0.64	\$1.22
St. Louis.....	.32	.32	.44	.62	.68	1.22
New Orleans.....	.41	.41	.63	.81	1.06	1.61
Dallas.....	.45	.41	.70	.81	1.20	1.61
Denver.....	.47	.61	.75	1.01	1.30	2.01
San Francisco.....	.71	.60	1.22	1.80	2.24	2.40
Between Philadelphia and—						
Portland, Me.....	.27	.23	.34	.43	.48	.83
Buffalo.....	.27	.14	.34	.24	.48	.44
Cincinnati.....	.29	.23	.38	.43	.56	.83
Milwaukee.....	.31	.32	.43	.62	.66	1.22
Mobile.....	.38	.32	.55	.62	.91	1.22
Seattle.....	.67	.60	1.14	1.80	2.09	2.40
Between Atlanta and—						
Jacksonville.....	.28	.14	.35	.24	.51	.44
Memphis.....	.30	.23	.40	.43	.60	.83
Cincinnati.....	.31	.23	.41	.43	.63	.83
Richmond.....	.31	.23	.43	.43	.66	.83
Baltimore.....	.33	.23	.46	.43	.72	.83
New York.....	.34	.32	.48	.62	.77	1.22
Between St. Louis and—						
Birmingham.....	.30	.23	.39	.43	.59	.83
Detroit.....	.28	.23	.36	.43	.52	.83
St. Paul.....	.30	.23	.41	.43	.62	.83
Philadelphia.....	.32	.32	.43	.62	.67	1.22
San Antonio.....	.40	.32	.59	.62	.99	1.22
Los Angeles.....	.62	.61	1.05	1.01	1.90	2.01
Between Chicago and—						
Boston.....	.31	.22	.43	.62	.65	1.22
Oklahoma City.....	.36	.22	.52	.62	.85	1.22
Jacksonville.....	.36	.22	.52	.62	.85	1.22
Galveston.....	.39	.22	.59	.62	.98	1.22
Salt Lake City.....	.52	.41	.84	.81	1.48	1.61
Portland, Ore.....	.63	.61	1.06	1.01	1.93	2.01

TABLE No. 2.—Merchandise rates—Continued.

	5 pounds.		10 pounds.		20 pounds.	
	Ex- press.	Parcel post.	Ex- press.	Parcel post.	Ex- press.	Parcel post.
Between San Francisco and—						
Houston.....	\$0.63	\$0.51	\$1.06	\$1.01	\$1.93	\$2.01
Minneapolis.....	.63	.51	1.07	1.01	1.94	2.01
Chicago.....	.65	.60	1.11	1.20	2.02	2.40
Cleveland.....	.67	.60	1.14	1.20	2.09	2.40
Washington.....	.70	.60	1.21	1.20	2.22	2.40
Boston.....	.71	.60	1.23	1.20	2.26	2.40
Total.....	15.51	15.25	23.87	25.85	40.68	49.83

From the above table it is the inevitable conclusion that the parcel-post rates are, in round numbers, 50 per cent higher on edibles than express rates, as shown by the following summary:

	Express.	Parcel post.
5 pounds.....	\$15.51	\$13.25
10 pounds.....	23.88	25.85
20 pounds.....	40.68	51.05
Total.....	80.07	90.15
Express, 25 per cent less on edibles.....	20.01	
Total.....	60.06	90.15

NOTE.—Express rates on food products are 25 per cent less than on merchandise. No reduction by parcel post on same. Express rates carry \$50 insurance without charge. Parcel-post charges 10 cents extra for \$50 insurance.

TABLE NO. 3.—Statement showing the postage at the proposed rates and the estimated cost of handling parcels (Nov. 20, 1913).

[This table of parcel-post rates and cost of service to the Government was issued by the Post Office Department.]

Weight.	Zones.							
	1	2	3	4	5	6	7	8
	50 miles.	150 miles.	300 miles.	600 miles.	1,000 miles.	1,400 miles.	1,800 miles.	1,800 miles and over.
1 pound.....	\$0.05	\$0.05	\$0.08	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12
2 pounds.....	.0325	.0375	.045	.06	.08	.10	.12	.14
3 pounds.....	.06	.08	.11	.14	.17	.21	.24	.28
4 pounds.....	.035	.045	.06	.09	.13	.17	.21	.25
5 pounds.....	.07	.07	.10	.15	.20	.25	.31	.36
6 pounds.....	.0375	.0525	.075	.12	.18	.24	.30	.36
7 pounds.....	.08	.08	.12	.19	.26	.33	.41	.48
8 pounds.....	.04	.06	.09	.15	.23	.31	.39	.47
9 pounds.....	.09	.09	.14	.23	.32	.41	.51	.60
10 pounds.....	.0425	.0675	.105	.18	.28	.38	.48	.58
11 pounds.....	.10	.10	.16	.27	.38	.49	.61	.72
12 pounds.....	.045	.075	.12	.21	.33	.45	.57	.69
13 pounds.....	.11	.11	.18	.31	.44	.57	.71	.84
14 pounds.....	.0475	.0825	.135	.24	.38	.52	.66	.80
15 pounds.....	.12	.12	.20	.35	.50	.65	.81	.96
16 pounds.....	.05	.09	.15	.27	.43	.59	.75	.91
17 pounds.....	.13	.13	.22	.39	.56	.73	.91	1.08
18 pounds.....	.0525	.0975	.165	.30	.48	.66	.84	1.02
19 pounds.....	.14	.14	.24	.43	.62	.81	1.01	1.20
20 pounds.....	.055	.105	.18	.33	.53	.73	.93	1.13
21 pounds.....	.15	.15	.26	.47	.68	.89	1.11	1.32
22 pounds.....	.0575	.1125	.195	.36	.58	.80	1.02	1.24
23 pounds.....	.16	.16	.28	.51	.74	.97	1.21	1.44
24 pounds.....	.06	.12	.21	.39	.63	.87	1.11	1.35
25 pounds.....	.17	.17	.30	.55	.80	1.05	1.31	1.56
26 pounds.....	.0625	.1275	.225	.42	.68	.94	1.20	1.46
27 pounds.....	.18	.18	.32	.59	.86	1.13	1.41	1.63
28 pounds.....	.065	.135	.24	.45	.73	1.01	1.29	1.57
29 pounds.....	.19	.19	.34	.63	.92	1.21	1.51	1.80
30 pounds.....	.0675	.1425	.255	.48	.78	1.08	1.38	1.68
31 pounds.....	.20	.20	.36	.67	.98	1.29	1.61	1.92
32 pounds.....	.07	.15	.27	.51	.83	1.15	1.47	1.79
33 pounds.....	.21	.21	.38	.71	1.04	1.37	1.71	2.04
34 pounds.....	.0725	.1575	.285	.54	.88	1.22	1.56	1.90
35 pounds.....	.22	.22	.40	.75	1.10	1.45	1.81	2.15
36 pounds.....	.075	.165	.30	.57	.93	1.29	1.65	2.01
37 pounds.....	.23	.23	.42	.79	1.15	1.53	1.91	2.23
38 pounds.....	.0775	.1725	.315	.60	.98	1.36	1.74	2.12
39 pounds.....	.24	.24	.44	.83	1.22	1.61	2.01	2.40
40 pounds.....	.08	.18	.33	.63	1.03	1.43	1.83	2.21
41 pounds.....	.25	.25	.46					
42 pounds.....	.0925	.2175						
43 pounds.....	.34	.34						
44 pounds.....	.1050	.255						
45 pounds.....	.39	.39						
46 pounds.....	.1175	.2925						
47 pounds.....	.44	.44						
48 pounds.....	.13	.33						
49 pounds.....	.49	.49						
50 pounds.....	.1425	.3675						
51 pounds.....	.54	.54						
52 pounds.....	.155	.405						

The first amount in each of the above blocks indicates the present postage; the other the estimated cost.
The average haul is based on the radial distance of the zones, except the eighth, where it is fixed at 2,200 miles.

TABLE NO. 4.—Kindel's exhibit: 100 pounds parcel-post and express rates.

Miles.				Mdse.
1,377	Denver to San Francisco	Food—Express	\$5.06	\$6.02—P. P.
	" " "	Food—K. & B.	4.09	6.75—Exp.
				5.35—K. & B.
1,256	Denver to Cincinnati	Food—Express	\$3.23	\$8.01—P. P.
	" " "	Food—K. & B.	2.71	4.30—Exp.
				3.52—K. & B.
1,933	Denver to New York	Food—Express	\$4.28	\$10.01—P. P.
	" " "	Food—K. & B.	3.51	5.70—Exp.
				4.58—K. & B.
915	Cincinnati to Boston	Food—Express	\$1.84	\$6.02—P. P.
	" " "	Food—K. & B.	1.68	2.45—Exp.
				2.13—K. & B.
1,201	Cincinnati to San Antonio	Food—Express	\$3.53	\$8.01—P. P.
	" " "	Food—K. & B.	2.94	4.70—Exp.
				3.82—K. & B.
1,763	Cincinnati to Salt Lake	Food—Express	\$5.14	\$10.01—P. P.
	" " "	Food—K. & B.	4.15	6.85—Exp.
				5.33—K. & B.
1,280	Portland, Me., to Nashville	Food—Express	\$2.40	\$6.02—P. P.
	" " "	Food—K. & B.	2.10	3.20—Exp.
				2.70—K. & B.

TABLE NO. 4.—Kindel's exhibit: 100 pounds parcel-post and express rates—Contd.

Miles.				Mdse.
1,300	Portland, Me., to St. Louis	Food—Express	\$2.37	\$8.01—P. P.
	" " "	Food—K. & B.	2.07	3.15—Exp.
				2.60—K. & B.
2,170	Portland, Me., to Denver	Food—Express	\$4.47	\$10.01—P. P.
	" " "	Food—K. & B.	3.64	5.95—Exp.
				4.75—K. & B.

Legend.—The food rates are 25 per cent less than merchandise—by express. The K. & B. rates are combination of Kindel and Burleson rates.

Here (see Table No. 4) I have taken three points—that is, one point with three points—and I show you the parcel-post rates there are \$6.02, \$8.01, and \$10.01 on the 100 pounds. I am giving the mileage between points for convenience sake. Here [pointing] is Denver to Cincinnati, the second example on the diagram. The rate by parcel post, 100 pounds, would be \$8.01, or by express \$4.30. Now, if it is a food product or a drinkable product—except candy—then it is allowed 25 per cent less, or \$3.23 by express. If you apply the Kindel-Burleson system of mine to the latter, it is \$2.71 on food products as against \$8.01, the parcel-post rate. The merchandise express rate is \$4.30, which, under the Kindel-Burleson system—which pays the railroads 50 per cent more than express companies—it would be \$3.52 as against \$8.01. And you tell me it can not be done? That the parcel post is so neglected by Congress, which permits the compounding and perpetuating of gross errors herein indicated is, to say the least, surprising.

Every State having two Senators, I selected two cities in each State that are on railroad and enjoy both express and post office, with the following result.

The rates are on 20 pounds, the present weight limit beyond the second zone.

TABLE No. 5.

[Express rates are shown in roman figures and parcel-post rates in italic. Edible rate by express is 25 per cent less.]

From Denver to—	20-pound express rate.	20-pound parcel-post rate.
1. Fayette, Ala.	\$1.19	<i>\$1.61</i>
2. Dothan, Ala.	1.31	<i>1.61</i>
3. Fayetteville, Ark.	.83	<i>1.22</i>
4. Monticello, Ark.	1.12	<i>1.22</i>
5. Tucson, Ariz.	1.05	<i>1.22</i>
6. Holbrook, Ariz.	.90	<i>.83</i>
7. Eureka, Cal.	1.81	<i>1.61</i>
8. Truckee, Cal.	1.51	<i>1.22</i>
9. Danbury, Conn.	1.30	<i>2.01</i>
10. Plainfield, Conn.	1.32	<i>2.01</i>
11. Dover, Del.	1.27	<i>2.01</i>
12. Georgetown, Del.	1.29	<i>2.01</i>
13. Washington, D. C.	1.25	<i>2.01</i>
14. Baldwin, Fla.	1.43	<i>2.01</i>
15. Pensacola, Fla.	1.34	<i>1.61</i>
16. Brunswick, Ga.	1.43	<i>2.01</i>
17. Rome, Ga.	1.19	<i>1.61</i>
18. Boise, Idaho.	1.16	<i>1.22</i>
19. Montpelier, Idaho.	.88	<i>.83</i>
20. Chicago, Ill.	1.00	<i>1.22</i>
21. Springfield, Ill.	.96	<i>1.22</i>
22. Muncie, Ind.	1.00	<i>1.61</i>
23. Evansville, Ind.	1.00	<i>1.22</i>
24. Marshalltown, Iowa.	.90	<i>1.22</i>
25. Council Bluffs, Iowa.	.74	<i>.83</i>
26. Great Bend, Kans.	.65	<i>.83</i>
27. Wichita, Kans.	.72	<i>.83</i>
28. Elizabethtown, Ky.	1.05	<i>1.61</i>
29. Covington, Ky.	1.02	<i>1.61</i>
30. Napoleonsville, La.	1.25	<i>1.61</i>
31. Shreveport, La.	1.05	<i>1.22</i>
32. Augusta, Me.	1.37	<i>2.10</i>
33. Portland, Me.	1.35	<i>2.01</i>
34. Hagerstown, Md.	1.22	<i>2.01</i>
35. Baltimore, Md.	1.25	<i>2.01</i>
36. Chatham, Mass.	1.37	<i>2.01</i>
37. Boston, Mass.	1.32	<i>2.01</i>
38. Marshall, Mich.	1.08	<i>1.61</i>
39. Detroit, Mich.	1.10	<i>1.61</i>
40. New Ulm, Minn.	.93	<i>1.22</i>
41. St. Paul, Minn.	.93	<i>1.22</i>
42. Ellsville, Miss.	1.22	<i>1.61</i>
43. Jackson, Miss.	1.16	<i>1.22</i>
44. Boonville, Mo.	.86	<i>1.22</i>
45. St. Louis, Mo.	.93	<i>1.22</i>
46. Missoula, Mont.	1.27	<i>1.22</i>
47. Billings, Mont.	.93	<i>.83</i>
48. Grand Island, Nebr.	.61	<i>.83</i>
49. Sidney, Nebr.	.48	<i>.24</i>
50. Austin, Nev.	1.24	<i>1.22</i>
51. Elko, Nev.	1.10	<i>.83</i>
52. Concord, N. H.	1.33	<i>2.01</i>
53. Manchester, N. H.	1.32	<i>2.01</i>
54. Atlantic City, N. J.	1.30	<i>2.01</i>
55. Trenton, N. J.	1.28	<i>2.01</i>
56. Albuquerque, N. Mex.	.71	<i>.83</i>
57. Deming, N. Mex.	.87	<i>.83</i>
58. Rochester, N. Y.	1.22	<i>2.01</i>
59. New York, N. Y.	1.30	<i>2.01</i>
60. Durham, N. C.	1.37	<i>2.01</i>
61. Asheville, N. C.	1.24	<i>1.61</i>
62. Fargo, N. Dak.	.96	<i>1.22</i>
63. Bismarck, N. Dak.	.96	<i>.83</i>
64. Cincinnati, Ohio.	1.02	<i>1.61</i>
65. Cleveland, Ohio.	1.10	<i>1.61</i>
66. Poteau, Okla.	.90	<i>.83</i>
67. Muskogee, Okla.	.86	<i>.83</i>
68. Astoria, Oreg.	1.63	<i>1.61</i>
69. Baker City, Oreg.	1.25	<i>1.22</i>
70. Lock Haven, Pa.	1.22	<i>2.01</i>
71. Pittsburgh, Pa.	1.14	<i>1.61</i>
72. Kingston, R. I.	1.32	<i>2.01</i>
73. Providence, R. I.	1.32	<i>2.01</i>
74. Florence, S. C.	1.38	<i>2.01</i>
75. Columbia, S. C.	1.36	<i>1.61</i>
76. Deadwood, S. Dak.	.68	<i>.83</i>
77. Aberdeen, S. Dak.	.90	<i>.83</i>
78. Mufreesboro, Tenn.	1.13	<i>1.61</i>
79. Memphis, Tenn.	1.05	<i>1.22</i>
80. Fort Worth, Tex.	.93	<i>1.22</i>
81. El Paso, Tex.	.90	<i>.83</i>
82. Price, Utah.	.78	<i>.83</i>
83. Salt Lake City, Utah.	.90	<i>.83</i>
84. Montpelier, Vt.	1.32	<i>2.01</i>
85. Rutland, Vt.	1.32	<i>2.01</i>
86. Charlottesville, Va.	1.25	<i>2.01</i>
87. Staunton, Va.	1.22	<i>1.61</i>
88. Seattle, Wash.	1.55	<i>1.61</i>
89. Spokane, Wash.	1.47	<i>1.22</i>
90. Martinsburg, W. Va.	1.22	<i>2.01</i>
91. Wheeling, W. Va.	1.12	<i>1.61</i>
92. Madison, Wis.	1.00	<i>1.22</i>
93. Milwaukee, Wis.	1.02	<i>1.22</i>
94. Evanston, Wyo.	.79	<i>.83</i>
95. Cheyenne, Wyo.	.44	<i>.24</i>
Total	105.99	137.41

TABLE No. 6.—Kindel's graduate of parcel-post rates as introduced in the Senate by Senator Bristow.

Pounds.	Local zone.	First zone, 150 miles.	Second zone, 150 to 350 miles.	Third zone, 350 to 600 miles.	Fourth zone, 600 to 950 miles.	Fifth zone, 950 to 1,350 miles.	Sixth zone, 1,350 to 1,800 miles.	Seventh zone, 1,800 to 2,300 miles.	Eighth zone, 2,300 miles and over.
1.....	\$0.03	\$0.04	\$0.05	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.11
2.....	.04	.05	.07	.09	.11	.13	.15	.17	.19
3.....	.04	.06	.09	.12	.15	.18	.21	.24	.27
4.....	.05	.07	.11	.15	.19	.23	.27	.31	.35
5.....	.05	.08	.13	.18	.23	.28	.33	.38	.43
6.....	.06	.09	.15	.21	.27	.33	.39	.45	.51
7.....	.06	.10	.17	.24	.31	.38	.45	.52	.59
8.....	.07	.11	.19	.27	.35	.43	.51	.59	.67
9.....	.07	.12	.21	.30	.39	.48	.57	.66	.75
10.....	.08	.13	.23	.33	.43	.53	.63	.73	.83
11.....	.08	.14	.25	.36	.47	.58	.69	.80	.91
12.....	.09	.15	.27	.39	.51	.63	.75	.87	.99
13.....	.09	.16	.29	.42	.55	.68	.81	.94	1.07
14.....	.10	.17	.31	.45	.59	.73	.87	1.01	1.15
15.....	.10	.18	.33	.48	.63	.78	.93	1.08	1.23
16.....	.11	.19	.35	.51	.67	.83	.99	1.15	1.31
17.....	.11	.20	.37	.54	.71	.88	1.05	1.22	1.39
18.....	.12	.21	.39	.57	.75	.93	1.11	1.29	1.47
19.....	.12	.22	.41	.60	.79	.98	1.17	1.36	1.55
20.....	.13	.23	.43	.63	.83	1.03	1.23	1.43	1.63
21.....	.13	.24	.45	.66	.87	1.08	1.29	1.50	1.71
22.....	.14	.25	.47	.69	.91	1.13	1.35	1.57	1.79
23.....	.14	.26	.49	.72	.95	1.18	1.41	1.64	1.87
24.....	.15	.27	.51	.75	.99	1.23	1.47	1.71	1.95
25.....	.15	.28	.53	.78	1.03	1.28	1.53	1.78	2.03
26.....	.16	.29	.55	.81	1.07	1.33	1.59	1.85	2.11
27.....	.16	.30	.57	.84	1.11	1.38	1.65	1.92	2.19
28.....	.17	.31	.59	.87	1.15	1.43	1.71	1.99	2.27
29.....	.17	.32	.61	.90	1.19	1.48	1.77	2.06	2.35
30.....	.18	.33	.63	.93	1.23	1.53	1.83	2.13	2.43
31.....	.18	.34	.65	.96	1.27	1.58	1.89	2.20	2.51
32.....	.19	.35	.67	.99	1.31	1.63	1.95	2.27	2.59
33.....	.19	.36	.69	1.02	1.35	1.68	2.01	2.34	2.67
34.....	.20	.37	.71	1.05	1.39	1.73	2.07	2.41	2.75
35.....	.20	.38	.73	1.08	1.43	1.78	2.13	2.48	2.83
36.....	.21	.39	.75	1.11	1.47	1.83	2.19	2.55	2.91
37.....	.21	.40	.77	1.14	1.51	1.88	2.25	2.62	2.99
38.....	.22	.41	.79	1.17	1.55	1.93	2.31	2.69	3.07
39.....	.22	.42	.81	1.20	1.59	1.98	2.37	2.76	3.15
40.....	.23	.43	.83	1.23	1.63	2.03	2.43	2.83	3.23
41.....	.23	.44	.85	1.26	1.67	2.08	2.49	2.90	3.31
42.....	.24	.45	.87	1.29	1.71	2.13	2.55	2.97	3.39
43.....	.24	.46	.89	1.32	1.75	2.18	2.61	3.04	3.47
44.....	.25	.47	.91	1.35	1.79	2.23	2.67	3.11	3.55
45.....	.25	.48	.93	1.38	1.83	2.28	2.73	3.18	3.63
46.....	.26	.49	.95	1.41	1.87	2.33	2.79	3.25	3.71
47.....	.26	.50	.97	1.44	1.91	2.38	2.85	3.32	3.79
48.....	.27	.51	.99	1.47	1.95	2.43	2.91	3.39	3.87
49.....	.27	.52	1.01	1.50	1.99	2.48	2.97	3.46	3.95
50.....	.28	.53	1.03	1.53	2.03	2.53	3.03	3.53	4.03

100 pounds. This graduate can be extended to any weight without discriminations.

The rate is found by multiplying the pounds by the zone and adding 3, the overhead charge, except in the local zone, where the rate is found by dividing the weight in pounds by 2 and adding 3. Thus the rate on 10 pounds in the local zone is $10 \div 2 = 5 + 3 = 8$. Fractions are disregarded. The rate on 10 pounds to the eighth zone is $10 \times 8 = 80 + 3 = 83$.

The ounce rate to be 1 cent per ounce until the pound rate is reached, when the pound rate shall apply.

For packages of unusual or excessive dimensions the charge should be made upon a basis of 10 pounds per cubic foot.

ANOTHER PARCEL-POST OR "16 TO 1" PUZZLE—WHAT IS IT; A JOKE OR AN OUTRAGE?

Parcel-post rates to eighth zone.

1-ounce package	1 cent.
4-ounce package	4 cents.
5-ounce package	12 cents.
5-ounce package (by mail sealed)	10 cents.
16-ounce package	12 cents.
17-ounce package	24 cents.
17 ounces divided into 4 packages of 4½ ounces each	48 cents.
17 ounces divided into packages of 1 ounce each	17 cents.

When and how does this make the cost of living cheaper?

Legend to Tables No. 7 and No. 8.

In order to find the rates from New York to Pittsburgh, for instance, you must observe the numbers in which they fall, 17 and 19 in this case, and get their junction point thus: Follow 19, which is Pittsburgh, until you reach the junction with New York on the lower column, which is 17, and there you will find the figures 83, 46², and 43. The first is the parcel-post rate on 20 pounds of merchandise. The second is the express rate, while the superior figure 2 represents the zone that applies to the Kindel graduate. For table and rule, see Table 6. The last figure, 43, indicates the second or new Kindel method by which the railroads are paid 75 per cent instead of 50 per cent of the express rate, as now practiced by express companies, and to which is added the Burleson pick-up and delivery charge of 8 cents on 20 pounds. (See Table 3.) On 100 pounds the pick-up and delivery charge is 30 cents.

TABLE NO. 7.—East—Parcel post, express, and proposed Kindel-Burleson rates, based on 20-pound shipment.

			20-POUND RATES.							
			1	2	3	4	5	6	7	8
			Baltimore.	Birmingham.	Boston.	Buffalo.	Chicago.	Cincinnati.	Cleveland.	Detroit.
1. Baltimore.	Parcel post rate	\$1.22								
2. Birmingham	Express rate	.78 ⁴								
	Kindel-Burleson rate	.67								
3. Boston	Parcel post rate	.44	\$1.22							
	Express rate	.46 ³	.92 ³							
	Kindel-Burleson rate	.40	.77							
4. Buffalo	Parcel post rate	.83	1.22	\$0.83						
	Express rate	.46 ³	.76 ⁴	.48 ³						
	Kindel-Burleson rate	.43	.65	.44						
5. Chicago	Parcel post rate	.83	.83	1.22	\$0.83					
	Express rate	.61 ³	.64 ³	.66 ⁴	.52 ³					
	Kindel-Burleson rate	.65	.56	.53	.47					
6. Cincinnati	Parcel post rate	.83	.83	1.22	.83	\$0.44 ¹				
	Express rate	.54 ³	.62 ³	.65 ⁴	.50 ³	.41 ¹				
	Kindel-Burleson rate	.49	.55	.53	.46	.39				
7. Cleveland	Parcel post rate	.83	.83	.83	.24	.44	\$0.44 ¹			
	Express rate	.50 ³	.70 ³	.56 ³	.39 ¹	.44 ¹	.41 ¹			
	Kindel-Burleson rate	.46	.61	.50	.33	.41	.39			
8. Detroit	Parcel post rate	.83	.83	.83	.44	.44	.44	\$0.24 ¹		
	Express rate	.58 ³	.69 ⁴	.61 ³	.44 ²	.41 ¹	.41 ¹	.39 ¹		
	Kindel-Burleson rate	.52	.60	.54	.41	.39	.39	.33		
9. Galveston	Parcel post rate	1.61	.83	2.01	1.61	1.22	1.22	1.22	1.22	\$1.22
	Express rate	1.20 ⁵	.78 ³	1.28 ⁶	1.10 ⁵	.98 ⁴	.96 ⁴	1.03 ⁵	1.02 ⁵	1.02 ⁵
	Kindel-Burleson rate	.98	.67	1.04	.91	.82	.80	.89	.85	.85
10. Indianapolis	Parcel post rate	.83	.83	1.22	.83	.24	.24	.44	.44	.44
	Express rate	.56 ³	.60 ³	.65 ⁴	.50 ¹	.36 ¹	.34 ¹	.44 ²	.41 ¹	.41 ¹
	Kindel-Burleson rate	.50	.52	.57	.46	.35	.34	.41	.39	.39
11. Kansas City, Mo.	Parcel post rate	1.22	.83	1.61	1.22	.83	.83	1.22	1.22	1.22
	Express rate	.80 ⁴	.80 ³	.90 ³	.74 ⁴	.58 ³	.53 ¹	.71 ⁴	.67 ⁴	.67 ⁴
	Kindel-Burleson rate	.68	.68	.76	.64	.52	.50	.62	.59	.59
12. Louisville	Parcel post rate	.83	.83	1.22	.83	.44	.24	.44	.44	.44
	Express rate	.58 ³	.60 ³	.67 ⁴	.54 ³	.41 ¹	.34 ¹	.46 ²	.44 ¹	.44 ¹
	Kindel-Burleson rate	.52	.53	.59	.49	.39	.34	.43	.41	.41
13. Memphis	Parcel post rate	1.22	.44	1.61	1.22	.83	.83	1.22	.83	.83
	Express rate	.75 ⁴	.51 ²	.87 ⁵	.69 ⁴	.58 ³	.58 ³	.65 ⁴	.64 ³	.64 ³
	Kindel-Burleson rate	.65	.47	.74	.60	.52	.52	.67	.63	.63
14. Milwaukee	Parcel post rate	1.22	1.22	1.22	.83	.24	.44	.44	.44	.44
	Express rate	.66 ⁴	.71 ⁴	.71 ⁴	.56 ³	.34 ¹	.48 ²	.50 ³	.44 ¹	.44 ¹
	Kindel-Burleson rate	.53	.62	.62	.50	.34	.44	.49	.41	.41
15. Nashville	Parcel post rate	.83	.44	1.22	.83	.83	.44	.83	.83	.83
	Express rate	.67 ³	.44 ¹	.79 ⁴	.65 ³	.51 ²	.83 ²	.58 ³	.54 ³	.54 ³
	Kindel-Burleson rate	.59	.41	.68	.57	.47	.71	.52	.49	.49
16. New Orleans	Parcel post rate	1.22	.83	1.61	1.61	1.22	1.22	1.22	1.22	1.22
	Express rate	.96 ⁵	.57 ²	1.08 ⁶	.93 ⁵	.78 ⁴	.79 ⁴	.86 ⁴	.85 ⁴	.85 ⁴
	Kindel-Burleson rate	.80	.61	.89	.73	.67	.63	.73	.72	.72
17. New York	Parcel post rate	.24	1.22	.44	.44	1.22	.83	.83	.83	.83
	Express rate	.36 ¹	.85 ⁴	.36 ²	.46 ²	.64 ⁴	.59 ³	.54 ²	.59 ³	.59 ³
	Kindel-Burleson rate	.35	.72	.35	.43	.56	.53	.49	.53	.53
18. Philadelphia	Parcel post rate	.24	1.22	.44	.44	1.22	.83	.83	.83	.83
	Express rate	.31 ¹	.81 ⁴	.44 ²	.48 ²	.62 ⁴	.56 ³	.50 ²	.58 ³	.58 ³
	Kindel-Burleson rate	.31	.69	.41	.44	.55	.60	.46	.52	.52
19. Pittsburgh	Parcel post rate	.44	.83	.83	.44	.83	.44	.24	.44	.44
	Express rate	.41 ²	.72 ³	.54 ³	.34 ²	.50 ²	.44 ²	.36 ¹	.46 ²	.46 ²
	Kindel-Burleson rate	.39	.67	.49	.34	.46	.41	.35	.43	.43
20. Portland, Me.	Parcel post rate	.83	1.61	.24	.83	1.22	1.22	.83	1.22	1.22
	Express rate	.50 ³	.96 ⁵	.34 ¹	.52 ²	.69 ⁴	.69 ⁴	.59 ³	.61 ⁴	.61 ⁴
	Kindel-Burleson rate	.46	.89	.34	.47	.60	.60	.53	.54	.54
21. St. Louis	Parcel post rate	1.22	.83	1.61	1.22	.44	.44	.83	.83	.83
	Express rate	.65 ⁴	.59 ³	.71 ⁶	.60 ⁴	.44 ²	.46 ²	.54 ²	.52 ³	.52 ³
	Kindel-Burleson rate	.57	.53	.62	.53	.41	.43	.49	.47	.47
22. St. Paul	Parcel post rate	1.22	1.22	1.61	1.22	.44	.83	.83	.83	.83
	Express rate	.86 ⁴	.82 ⁴	.90 ⁵	.76 ⁴	.57 ²	.65 ³	.72 ³	.62 ³	.62 ³
	Kindel-Burleson rate	.68	.70	.76	.65	.51	.67	.62	.55	.55
23. Washington	Parcel post rate	.24	.83	.83	.44	.83	.83	.44	.83	.83
	Express rate	.31 ¹	.77 ⁴	.50 ³	.48 ²	.61 ³	.54 ²	.50 ³	.58 ³	.58 ³
	Kindel-Burleson rate	.31	.66	.46	.44	.54	.49	.46	.52	.52

A summary of the above table, obtained by the Burroughs adding machine, for 20-pound rates in the East is shown by the following:

Parcel post	Merchandise	\$236.43
Express	Edibles	164.66
		123.50

The brackets inclosing figures in Table 8 are indicative of rates on 100 pounds of merchandise under the present schedule of parcel-post and express rates, in which cases parcel-post rates are from 100 to 150 per cent higher than

the express rates, and on edibles the rates are still more, yet the Post Office Department would have the public believe that the parcel post is conducive to cheapen the cost of living.

TABLE No. 8.—East—Rates on 100 pounds.

100-POUND RATES.

		1.	2.	3.	4.	5.	6.	7.	8.
1. Baltimore.	Parcel post rate.....	\$6.02							
2. Birmingham.....	Express rate.....	3.10 ⁴							
	Kindel-Burleson rate..	2.63							
3. Boston.....	Parcel post rate.....	2.04	\$6.02						
	Express rate.....	1.50 ²	3.80 ³						
	Kindel-Burleson rate..	1.43	3.15						
4. Buffalo.....	Parcel post rate.....	4.03	6.02	\$4.03					
	Express rate.....	1.50 ²	3.00 ⁴	1.60 ³					
	Kindel-Burleson rate..	1.43	2.55	1.50					
5. Chicago.....	Parcel post rate.....	4.03	4.03	6.02	4.03				
	Express rate.....	2.25 ²	2.40 ³	2.50 ⁴	1.80 ⁵				
	Kindel-Burleson rate..	1.99	2.10	2.18	1.65				
6. Cincinnati.....	Parcel post rate.....	4.03	4.03	6.02	4.03	\$2.04			
	Express rate.....	1.90 ²	2.30 ³	2.45 ⁴	1.70 ⁵	1.25 ¹			
	Kindel-Burleson rate..	1.73	2.03	2.14	1.58	1.24			
7. Cleveland.....	Parcel post rate.....	4.03	4.03	4.03	1.04	2.04	\$2.04		
	Express rate.....	1.70 ²	2.70 ³	2.00 ⁴	1.15 ⁵	1.40 ¹	1.25 ²		
	Kindel-Burleson rate..	1.58	2.33	1.80	1.17	1.35	1.24		
8. Detroit.....	Parcel post rate.....	4.03	4.03	4.03	2.04	2.04	2.04	\$1.04	
	Express rate.....	2.10 ²	2.25 ³	2.25 ⁴	1.40 ⁵	1.25 ¹	1.25 ²	1.15 ³	
	Kindel-Burleson rate..	1.80	2.29	1.99	1.35	1.14	1.14	1.17	
9. Galveston.....	Parcel post rate.....	8.01	4.03	10.01	8.01	6.02	6.02	6.02	\$6.02
	Express rate.....	5.20 ⁵	3.10 ³	5.60 ⁴	4.70 ⁵	4.10 ⁴	4.00 ⁴	4.35 ⁵	4.30 ³
	Kindel-Burleson rate..	4.20	2.63	4.50	3.83	3.38	3.30	4.57	3.53
10. Indianapolis.....	Parcel post rate.....	4.03	4.03	6.02	4.03	1.04	1.04	2.04	2.04
	Express rate.....	2.00 ⁴	2.20 ³	2.45 ⁴	1.70 ⁵	1.00 ¹	.90 ¹	1.40 ²	1.25 ²
	Kindel-Burleson rate..	1.80	1.95	2.20	1.55	1.05	.98	1.35	1.24
11. Kansas City, Mo.....	Parcel post rate.....	6.02	4.03	8.01	6.02	4.03	4.03	6.02	6.02
	Express rate.....	3.20 ⁴	3.20 ³	3.70 ⁵	2.90 ⁴	2.10 ³	2.35 ²	2.75 ⁴	2.55 ⁴
	Kindel-Burleson rate..	2.70	2.70	3.08	2.45	1.88	2.07	2.57	2.20
12. Louisville.....	Parcel post rate.....	4.03	2.04	6.02	4.03	2.04	1.04	2.04	2.04
	Express rate.....	2.10 ²	2.20 ³	2.55 ⁴	1.90 ⁵	1.25 ²	.90 ¹	1.50 ¹	1.40 ²
	Kindel-Burleson rate..	1.88	1.95	2.20	1.73	1.14	.98	1.43	1.35
13. Memphis.....	Parcel post rate.....	6.02	2.04	8.01	6.02	4.03	4.03	6.02	4.03
	Express rate.....	2.90 ⁴	1.75 ²	3.55 ⁵	2.65 ⁴	2.10 ³	2.10 ³	2.45 ⁴	2.40 ³
	Kindel-Burleson rate..	2.49	1.62	2.97	2.29	1.88	1.88	2.14	2.10
14. Milwaukee.....	Parcel post rate.....	6.02	6.02	6.02	4.03	1.04	2.04	2.04	2.04
	Express rate.....	2.50 ⁴	2.75 ⁴	2.75 ⁴	2.00 ⁵	.90 ¹	1.60 ²	1.70 ²	1.40 ²
	Kindel-Burleson rate..	2.18	2.37	2.37	1.80	.98	1.50	1.55	1.35
15. Nashville.....	Parcel post rate.....	4.03	1.04	6.02	4.03	4.03	2.04	4.03	4.03
	Express rate.....	2.55 ³	1.40 ¹	3.15 ⁴	2.45 ⁵	1.75 ³	3.35 ²	2.10 ³	1.90 ³
	Kindel-Burleson rate..	2.20	1.35	2.67	2.14	1.55	2.82	1.88	1.73
16. New Orleans.....	Parcel post rate.....	6.02	4.03	8.01	8.01	6.02	6.02	6.02	6.02
	Express rate.....	4.00 ⁵	2.05 ²	4.60 ⁴	3.85 ⁵	3.10 ⁴	3.15 ⁴	3.50 ⁴	3.45 ⁴
	Kindel-Burleson rate..	3.30	1.84	3.75	3.19	2.63	2.67	2.93	2.89
17. New York.....	Parcel post rate.....	1.04	6.02	2.04	2.04	6.02	4.03	4.03	4.03
	Express rate.....	1.00 ¹	3.45 ⁴	1.00 ²	1.50 ²	2.40 ⁴	2.15 ³	1.90 ³	2.15 ⁴
	Kindel-Burleson rate..	1.05	2.89	1.05	1.43	2.10	1.92	1.73	1.73
18. Philadelphia.....	Parcel post rate.....	1.04	6.02	2.04	2.04	6.02	4.03	4.03	4.03
	Express rate.....	.75 ¹	3.25 ⁴	1.40 ²	1.60 ²	2.30 ⁴	2.00 ³	1.70 ²	2.10 ³
	Kindel-Burleson rate..	.87	2.74	1.35	1.60	2.03	1.80	1.58	1.88
19. Pittsburgh.....	Parcel post rate.....	2.04	4.03	4.03	2.04	4.03	2.04	1.04	2.04
	Express rate.....	1.25 ²	2.80 ³	1.90 ²	1.40 ²	1.70 ³	1.40 ²	1.00 ¹	1.50 ¹
	Kindel-Burleson rate..	1.24	2.45	1.73	1.35	1.58	1.35	1.05	1.43
20. Portland, Me.....	Parcel post rate.....	4.03	8.01	2.04	4.03	6.02	6.02	4.03	6.02
	Express rate.....	1.70 ³	4.00 ⁵	.90 ¹	1.80 ³	2.65 ⁴	2.65 ⁴	2.15 ³	2.25 ⁴
	Kindel-Burleson rate..	1.58	3.30	.98	1.65	2.29	2.29	1.92	1.99
21. St. Louis.....	Parcel post rate.....	6.02	4.03	8.01	6.02	2.04	2.04	4.03	4.03
	Express rate.....	2.45 ⁴	2.15 ³	2.75 ⁵	2.20 ⁴	1.40 ²	1.50 ²	1.90 ³	1.80 ³
	Kindel-Burleson rate..	2.14	1.92	2.42	1.90	1.35	1.43	1.73	1.65
22. St. Paul.....	Parcel post rate.....	6.02	6.02	8.01	6.02	4.03	4.03	4.03	4.03
	Express rate.....	3.50 ⁴	3.30 ⁴	3.70 ⁵	3.00 ⁴	2.05 ²	2.45 ³	2.80 ⁴	2.30 ³
	Kindel-Burleson rate..	2.93	2.78	3.08	2.55	1.84	2.14	2.45	2.03
23. Washington, D. C.....	Parcel post rate.....	1.04	4.03	4.03	2.04	4.03	4.03	2.04	4.03
	Express rate.....	.75 ¹	3.05 ⁴	1.70 ²	1.60 ²	2.25 ³	1.90 ⁴	1.70 ⁴	2.10 ⁴
	Kindel-Burleson rate..	.87	2.59	1.58	1.50	1.89	1.73	1.53	1.88

A summary of the above table, obtained by the Burrough adding machine, for 100-pound rates:

Parcel post.....	Merchandise.....	\$1,148.87
Express.....	Edibles.....	620.86
		490.65

Note how our post office will carry 8 ounces of books from New York to San Francisco for 4 cents, but for 9 ounces of books it charges 12 cents; in other words, you must pay 8 cents for the additional ounce carried, while 1 ounce packages may be shipped for 1 cent. On an additional ounce above the pound you must pay 12 cents in each instance between the same points. Has there ever been so arbitrary and idiotic a tariff proposed or in use anywhere but in this great and glorious country of ours?

Here are additional examples that are convincing: The rate on "books," weighing 18 ounces, from New York to Salt Lake City is 24 cents. The same weight of books from New York to British Columbia or Australia would cost but 9 cents. A discrimination in favor of foreign countries. Why?

Another instance might be cited. A package of printed matter, weighing 3 pounds 3 ounces, from New York to Brooklyn would cost 26 cents postage. Taking the same package and adding 29 ounces, making a 5-pound parcel-post package, it can be shipped for 8 cents.

Also, a 5-ounce package of merchandise by parcel post from New York to Salt Lake City would cost 12 cents, while a 5-ounce package by letter postage and sealed would cost but 10 cents. Another discrimination is in force in favor of foreign

countries as to the size of packages, which is 72 inches, for weight 11 pounds, while in the United States the same size limit of 72 inches is enforced on packages weighing 50 pounds. How is it possible to crowd 50 pounds into a 72-inch space? There are many commodities that it would be impossible to crowd the weight into such space without destroying the same.

HOW IT WORKS OUT.

DENVER, COLO.

HON. GEORGE J. KINDEL, Washington, D. C.

DEAR GEORGE: I read your last remarks anent parcel-post charges to Mexico and must congratulate you on your fine work. You have been dealing sledge-hammer blows at the incompetency and the inequitable charges—all more or less in the interests of railroads and express companies.

Let me give you a detail in my own experience. God only knows why photographs are not merchandise, but unless a package weighs 4 pounds we must send as "printed matter," and consequently when a package of photographs would ordinarily demand 15, 20, 25, or 30 cents (anything at all over 8 cents) we simply add boards and heavy cardboard, a piece of iron or a nail or two and bring the weight up to 4 pounds or over. Then it is carried for the lowest possible rate. Last week I had a package that weighed 3½ pounds. The rate would be 32 cents, but by adding a few heavy cardboards I brought it up to 4 pounds and it went for 8 cents.

Can you beat it? The heavier the package the less it costs to ship.

Yours, truly,

C. A. NAST.

TABLE NO. 9.—Parcel-post and express rates on books now in effect.

Weight.	From New York to—													
	Philadelphia.		Buffalo.		Detroit.		Chicago.		Omaha.		Denver.		San Francisco.	
	Zones.													
	2		3		4		5		6		7		8	
	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.	Parcel-post rate.	Express rate.
8 ounces.....	\$0.04	\$0.15	\$0.04	\$0.15	\$0.04	\$0.15	\$0.04	\$0.15	\$0.04	\$0.15	\$0.04	\$0.15	\$0.04	\$0.15
9 ounces.....	.05	.15	.07	.15	.08	.15	.09	.15	.10	.15	.11	.15	.12	.15
16 ounces.....	.05	.15	.07	.15	.08	.15	.09	.15	.10	.15	.11	.15	.12	.15
17 ounces.....	.06	.15	.12	.15	.14	.15	.16	.15	.19	.15	.21	.15	.24	.15
32 ounces.....	.06	.16	.12	.16	.14	.16	.16	.16	.19	.16	.21	.16	.24	.16
48 ounces.....	.07	.22	.17	.24	.20	.24	.23	.24	.28	.24	.31	.24	.36	.24
64 ounces.....	.08	.23	.22	.25	.26	.28	.30	.29	.37	.32	.41	.32	.48	.32

TABLE NO. 10.—Parcel-post rates and weights, inaugurated by Postmaster General Burleson, objected to by George J. Kindel.

Pounds.	Local zone.	50 miles.	50 to 150 miles.	150 to 300 miles.	300 to 600 miles.	600 to 1,000 miles.	1,000 to 1,400 miles.	1,400 to 1,800 miles.	1,800 miles and over.
		1	2	3	4	5	6	7	8
1.....	\$0.05	\$0.05	\$0.05	\$0.06	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12
2.....	.06	.06	.06	.08	.11	.14	.17	.21	.24
3.....	.06	.07	.07	.10	.15	.20	.25	.31	.36
4.....	.07	.08	.08	.12	.19	.26	.33	.41	.48
5.....	.07	.09	.09	.14	.23	.32	.41	.51	.60
6.....	.08	.10	.10	.16	.27	.38	.49	.61	.72
7.....	.08	.11	.11	.18	.31	.44	.57	.71	.84
8.....	.09	.12	.12	.20	.35	.50	.65	.81	.94
9.....	.09	.13	.13	.22	.39	.56	.73	.91	1.08
10.....	.10	.14	.14	.24	.43	.62	.81	1.01	1.20
11.....	.10	.15	.15	.26	.47	.68	.89	1.11	1.32
12.....	.11	.16	.16	.28	.51	.74	.97	1.21	1.44
13.....	.11	.17	.17	.30	.55	.80	1.05	1.31	1.56
14.....	.12	.18	.18	.32	.59	.86	1.13	1.41	1.68
15.....	.12	.19	.19	.34	.63	.92	1.21	1.51	1.80
16.....	.13	.20	.20	.36	.67	.98	1.29	1.61	1.92
17.....	.13	.21	.21	.38	.71	1.04	1.37	1.71	2.04
18.....	.14	.22	.22	.40	.75	1.10	1.45	1.81	2.16
19.....	.14	.23	.23	.42	.79	1.16	1.53	1.91	2.28
20.....	.15	.24	.24	.44	.83	1.22	1.61	2.01	2.40
21.....	.15	.25	.25	.46	.87	1.28	1.69	2.11	2.52
22.....	.16	.26	.26	.48	.91	1.34	1.77	2.21	2.64
23.....	.16	.27	.27	.50	.95	1.40	1.85	2.31	2.76
24.....	.17	.28	.28	.52	.99	1.46	1.93	2.41	2.88
25.....	.17	.29	.29	.54	1.03	1.52	2.01	2.51	3.00
26.....	.18	.30	.30	.56	1.07	1.58	2.09	2.61	3.12
27.....	.18	.31	.31	.58	1.11	1.64	2.17	2.71	3.24
28.....	.19	.32	.32	.60	1.15	1.70	2.25	2.81	3.36
29.....	.19	.33	.33	.62	1.19	1.76	2.33	2.91	3.48
30.....	.20	.34	.34	.64	1.23	1.82	2.41	3.01	3.60
31.....	.20	.35	.35	.66	1.27	1.88	2.49	3.11	3.72
32.....	.21	.36	.36	.68	1.31	1.94	2.57	3.21	3.84
33.....	.21	.37	.37	.70	1.35	2.00	2.65	3.31	3.96
34.....	.22	.38	.38	.72	1.39	2.06	2.73	3.41	4.08
35.....	.22	.39	.39	.74	1.43	2.12	2.81	3.51	4.20
36.....	.23	.40	.40	.76	1.47	2.18	2.89	3.61	4.32
37.....	.23	.41	.41	.78	1.51	2.24	2.97	3.71	4.44
38.....	.24	.42	.42	.80	1.55	2.30	3.05	3.81	4.56
39.....	.24	.43	.43	.82	1.59	2.36	3.13	3.91	4.68
40.....	.25	.44	.44	.84	1.63	2.42	3.21	4.01	4.80
41.....	.25	.45	.45	.86	1.67	2.48	3.29	4.11	4.92
42.....	.26	.46	.46	.88	1.71	2.54	3.37	4.21	5.04

TABLE NO. 10—Parcel-post rates and weights, inaugurated by Postmaster General Burleson, objected to by George J. Kindel—Continued.

Pounds.	Local zone.	50 miles.	50 to 150 miles.	150 to 300 miles.	300 to 600 miles.	600 to 1,000 miles.	1,000 to 1,400 miles.	1,400 to 1,800 miles.	1,800 miles and over.
		1	2	3	4	5	6	7	8
43.....	\$0.26	\$0.47	\$0.47	\$0.90	\$1.75	\$2.60	\$3.45	\$4.31	\$5.16
44.....	.27	.48	.48	.92	1.79	2.66	3.53	4.41	5.28
45.....	.27	.49	.49	.94	1.83	2.72	3.61	4.51	5.40
46.....	.28	.50	.50	.96	1.87	2.78	3.69	4.61	5.52
47.....	.28	.51	.51	.98	1.91	2.84	3.77	4.71	5.64
48.....	.29	.52	.52	1.00	1.95	2.90	3.85	4.81	5.76
49.....	.29	.53	.53	1.02	1.99	2.95	3.93	4.91	5.88
50.....	.30	.54 45	.54 50	1.04 99	2.03 99	3.02 99	4.01 100	5.01 99	6.00
51.....	.30	.55	.55	1.06	2.07	3.08	4.09	5.11	6.12
52.....	.31	.56	.56	1.08	2.11	3.14	4.17	5.21	6.24
53.....	.31	.57	.57	1.10	2.15	3.20	4.25	5.31	6.36
54.....	.32	.58	.58	1.12	2.19	3.26	4.33	5.41	6.48
55.....	.32	.59	.59	1.14	2.23	3.32	4.41	5.51	6.60
56.....	.33	.60	.60	1.16	2.27	3.38	4.49	5.61	6.72
57.....	.33	.61	.61	1.18	2.31	3.44	4.57	5.71	6.84
58.....	.34	.62	.62	1.20	2.35	3.50	4.65	5.81	6.96
59.....	.34	.63	.63	1.22	2.39	3.56	4.73	5.91	7.08
60.....	.35	.64 55	.64 60	1.24 119	2.43 119	3.62 119	4.81 120	6.01 119	7.20
61.....	.35	.65	.65	1.26	2.47	3.68	4.89	6.11	7.32
62.....	.35	.66	.66	1.28	2.51	3.74	4.97	6.21	7.44
63.....	.36	.67	.67	1.30	2.55	3.80	5.05	6.31	7.56
64.....	.37	.68	.68	1.32	2.59	3.86	5.13	6.41	7.68
65.....	.37	.69	.69	1.34	2.63	3.92	5.21	6.51	7.80
66.....	.38	.70	.70	1.36	2.67	3.98	5.29	6.61	7.92
67.....	.38	.71	.71	1.38	2.71	4.04	5.37	6.71	8.04
68.....	.39	.72	.72	1.40	2.75	4.10	5.45	6.81	8.16
69.....	.39	.73	.73	1.42	2.79	4.16	5.53	6.91	8.28
70.....	.40	.74 65	.74 70	1.44 139	2.83 139	4.22 139	5.61 140	7.01 139	8.40
71.....	.40	.75	.75	1.46	2.87	4.28	5.69	7.11	8.52
72.....	.41	.76	.76	1.48	2.91	4.34	5.77	7.21	8.64
73.....	.41	.77	.77	1.50	2.95	4.40	5.85	7.31	8.76
74.....	.42	.78	.78	1.52	2.99	4.46	5.93	7.41	8.88
75.....	.42	.79	.79	1.54	3.03	4.52	6.01	7.51	9.00
76.....	.43	.80	.80	1.56	3.07	4.58	6.09	7.61	9.12
77.....	.43	.81	.81	1.58	3.11	4.64	6.17	7.71	9.24
78.....	.44	.82	.82	1.60	3.15	4.70	6.25	7.81	9.36
79.....	.44	.83	.83	1.62	3.19	4.76	6.33	7.91	9.48
80.....	.45	.84 75	.84 80	1.64 159	3.23 159	4.82 159	6.41 160	8.01 159	9.60
81.....	.45	.85	.85	1.66	3.27	4.88	6.49	8.11	9.72
82.....	.46	.86	.86	1.68	3.31	4.94	6.57	8.21	9.84
83.....	.46	.87	.87	1.70	3.35	5.00	6.65	8.31	9.96
84.....	.47	.88	.88	1.72	3.39	5.06	6.73	8.41	10.08
85.....	.47	.89	.89	1.74	3.43	5.12	6.81	8.51	10.20
86.....	.48	.90	.90	1.76	3.47	5.18	6.89	8.61	10.32
87.....	.48	.91	.91	1.78	3.51	5.24	6.97	8.71	10.44
88.....	.49	.92	.92	1.80	3.55	5.30	7.05	8.81	10.56
89.....	.49	.93	.93	1.82	3.59	5.36	7.13	8.91	10.68
90.....	.50	.94 85	.94 90	1.84 179	3.63 179	5.42 179	7.21 180	9.01 179	10.80
91.....	.50	.95	.95	1.86	3.67	5.48	7.29	9.11	10.92
92.....	.51	.96	.96	1.88	3.71	5.54	7.37	9.21	11.04
93.....	.51	.97	.97	1.90	3.75	5.60	7.45	9.31	11.16
94.....	.52	.98	.98	1.92	3.79	5.66	7.53	9.41	11.28
95.....	.52	.99	.99	1.94	3.83	5.72	7.61	9.51	11.40
96.....	.53	1.00	1.00	1.96	3.87	5.78	7.69	9.61	11.52
97.....	.53	1.01	1.01	1.98	3.91	5.84	7.77	9.71	11.64
98.....	.54	1.02	1.02	2.00	3.95	5.90	7.85	9.81	11.76
99.....	.54	1.03	1.03	2.02	3.99	5.96	7.93	9.91	11.88
100.....	.55	1.04 95	1.04 100	2.04 199	4.03 199	6.02 199	8.01 200	10.01 199	12.00

Notice how the rate advances 1 cent per pound between zones after second zone on the first pound, and then how the rate increases 19 cents on 10 pounds, 39 cents on 20 pounds, 59 cents on 30 pounds, 79 cents on 40 pounds, and 99 cents on 50 pounds, etc., instead of 1 cent per pound as in the first instance.

The 5, 15, 25, 35, and so on, figures in zone 1 column indicate what can be saved in reshipping 150 miles into the next zone after the second.

Mr. STEENERSON. Mr. Chairman, how much time have I left?

The CHAIRMAN. The gentleman has five minutes remaining.

Mr. STEENERSON. I presume that I am entitled to the closing on this amendment, and I would like to have the gentleman use his time.

Mr. COX. I think not. I think the gentleman in charge of the bill is entitled to the closing. Mr. Chairman, who is entitled to close this argument, the gentleman from Minnesota [Mr. STEENERSON] or the gentleman in charge of the bill?

The CHAIRMAN. The gentleman in charge of the bill has the right to close.

Mr. COX. There will be only one more speech on this side.

Mr. STEENERSON. Mr. Chairman, on this proposition to drop the assistant postmasters there is this to be said, that the argument that it is in the interest of economy is not well founded. If you read the hearings upon that point, you will observe that it is impossible that it can be true that it saves anything at all, because it is claimed that the two thousand five hundred and odd assistant postmasters will occupy under the new law their positions without having their salaries reduced. Now, of course, to give the same men another title will not reduce their salary; there is no economy about that.

Mr. HOWARD. Will the gentleman yield for a question right there?

Mr. STEENERSON. Yes.

Mr. HOWARD. The Postal Service is the only governmental service that does pay its way as it goes, anyhow, is it not?

Mr. STEENERSON. Certainly; I pointed that out some time ago. The gentleman from Illinois [Mr. MADDEN], a member of the committee, has made some remarks here in regard to assistant postmasters and postmasters, and I think it has already been pointed out that he could not have had any experience on that point, because, residing in the city of Chicago, where there is only one postmaster and one assistant postmaster, his observation is limited. And I understood him to say that he withdrew that part of his remarks which reflected on the efficiency of the postmasters.

I have been in Congress for 12 years, and during the Roosevelt administration there were a great many vacancies in the second and third class offices in my district, and in every case of a reappointment the Postmaster General required a written promise on the part of the appointee to attend to the duties of his office personally. There are dozens of this kind of offices in my district, which is a very large one territorially, and with many small towns, and I know the postmasters have been efficient and not figureheads. I know that a great many of them now have been put out and good Democrats put in their places; but they also, so far as I know, are good men. And it is not correct to say that the postmaster is simply an ornamental official or that his position is that of a sinecure. On the contrary, as a general rule, he is a very active and efficient man, but it is impossible for him to attend to all the details or become so familiar with the technicalities of the service as an assistant who has served there for years and years. It is impossible for him to get in as close touch with the employees as

the assistant postmaster, who has been there for a long time. You are destroying a class of very efficient officials by this indirect method.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. The gentleman from Indiana [Mr. Cox] is recognized.

Mr. COX. Mr. Chairman, it seems to me that about everything has been said on this subject that is worth saying. After hearing the gentleman from the city of Chicago [Mr. MADDEN] make his clear and explicit statement upon the proposition, there should not be any doubt entertained by any gentleman on that side of the aisle as to how he ought to vote. There is positively and emphatically no politics in the proposition under consideration; none whatever. As the gentleman from Missouri [Mr. RUCKER] said awhile ago, possibly there ought to be, but there is not.

There will not be an assistant postmaster displaced or thrown out of a job. While it is true that this proposition does propose to abolish his position or title, yet the man is already in the civil service, and will be taken care of in some place somewhere in the civil service and in the postal department. It comes down, therefore, to this side of the House as to whether or not we propose to back up the recommendation made by the Post Office Department. This is a recommendation that has been under process of investigation for quite a while, and I may add that the final conclusion arrived at in this recommendation was that of employees of the Post Office Department, about whose politics I do not know, nor do I care. I believe that the ultimate intention and effect of it is and will be, as the First Assistant Postmaster General well expressed it before the committee, the postmaster will move from the rear room of the post-office building to the front room, and will be made alone directly responsible for the work in his office.

Mr. Chairman, this proposition is in line with the policy of great business organizations. I am unable to conceive or comprehend a great business organization that does not have one man, and one man alone, as the man solely responsible for the conduct of the institution. Every time you divide responsibility you then and there weaken power. Every time you concentrate responsibility you increase the power.

Now, then, here is the assistant postmaster having charge of certain departments—just exactly what the function of the postmaster is I am not clear myself, and I do not quite agree with some of the statements that have been made on the floor of the House, that it has heretofore been a sinecure—but we do know, and that knowledge is plain to all of us, that the assistant postmasters are the men who have heretofore had the responsibility of conducting the post offices. As the assistant postmasters have been largely responsible for the conduct of the offices, and as the postmasters are drawing the salaries of their offices, move the postmaster forward and make him, and him alone, responsible. I have no doubt in my mind at all that if the position of assistant postmaster is abolished the postmaster himself will be interested in surrounding himself with the most competent and able help that he can possibly surround himself with, and that when he comes to select his superintendent of finance or his superintendent of mails he will put the assistant postmaster in one of those places, and that will take care of him.

Now, to repeat, there is no politics in this. No man should consider politics for a moment when he comes to vote upon that question. As the gentleman from Illinois [Mr. MADDEN] says, it is a tremendous business proposition whether or not we are going to follow along lines of great business institutions and make the postmaster alone responsible for the conduct of his office.

I hope, therefore, that the amendment will be voted down. I call for a vote.

Mr. SAMUEL W. SMITH. Mr. Chairman, this is a matter of so much importance that I think we ought to have a quorum, and therefore I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-seven gentlemen are present—not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Adamson	Barchfeld	Brockson	Butler
Aiken	Barnhart	Brodbeck	Calder
Ainey	Bartholdt	Brown, W. Va.	Callaway
Allen	Bartlett	Browne, Wis.	Campbell
Anderson	Barton	Bruckner	Cantor
Ansberry	Bathrick	Brumbaugh	Caraway
Anthony	Beall, Tex.	Buchanan, Ill.	Carew
Austin	Blackmon	Burke, Pa.	Carr
Bailey	Borchers	Burke, Wis.	Cary
Baltz	Britten	Burnett	Casey

Clancy	Gillett	Lieb	Roberts, Mass.
Clark, Fla.	Gittins	Lindquist	Rothermel
Claypool	Godwin, N. C.	Linthicum	Sabath
Cline	Goeke	Lobeck	Saunders
Coady	Goldfogle	Loft	Scott
Collier	Good	Logue	Scully
Connolly, Iowa	Gordon	Loneragan	Seldomridge
Conry	Gorman	McAndrews	Sells
Copley	Graham, Ill.	McClellan	Sherley
Crisp	Graham, Pa.	McGuire, Okla.	Sherwood
Crosser	Greene, Mass.	McKenzie	Shreve
Dale	Gregg	MacDonald	Sisson
Davenport	Griffin	Mahan	Slayden
Davis	Gudger	Maher	Small
Decker	Guernsey	Mapes	Smith, Md.
Deltrick	Hamill	Martin	Smith, J. M. C.
Dershem	Hamilton, N. Y.	Metz	Sparkman
Dies	Hammond	Morin	Stafford
Difenderfer	Harris	Moss, W. Va.	Stanley
Dillon	Harrison	Mott	Stedman
Dixon	Hart	Mulkey	Stephens, Miss.
Donohoe	Haugen	Murdock	Stephens, Nebr.
Dooling	Heflin	Neeley, Kans.	Stevens, N. H.
Doughton	Helvering	Neeley, W. Va.	Sutherland
Driscoll	Hinebaugh	Nelson	Talbott, Md.
Dunn	Houston	Nolan, J. I.	Talcott, N. Y.
Eagan	Hughes, Ga.	Norton	Taylor, Ala.
Edmonds	Hughes, W. Va.	O'Brien	Taylor, N. Y.
Edwards	Hullings	Oglesby	Ten Eyck
Elder	Hull	O'Hair	Townsend
Esch	Humphreys, Miss.	O'Shaunessy	Tribble
Estopinal	Johnson, Utah	Page, N. C.	Underhill
Fairchild	Jones	Palge, Mass.	Vare
Falson	Kelster	Palmer	Vollmer
Farr	Kennedy, Conn.	Parker, N. Y.	Walker
Fess	Kennedy, Iowa	Patten, N. Y.	Wallin
Fields	Kless, Pa.	Patton, Pa.	Walsh
Finley	Kinkead, N. J.	Peters	Walters
Floyd, Ark.	Kitchin	Peterson	Watson
Fordney	Knowland, J. R.	Phelan	Webb
Francis	Kreider	Platt	Whitacre
French	Langham	Porter	White
Gallagher	Lazaro	Pou	Wilson, Fla.
Gallivan	Lee, Ga.	Powers	Wilson, N. Y.
Gard	Lee, Pa.	Price	Winslow
Gardner	L'Engle	Ragsdale	Woodruff
Garrett, Tenn.	Lesher	Rainey	
George	Levy	Reed	
Gerry	Lewis, Pa.	Riordan	

The committee rose; and the Speaker having resumed the chair, Mr. FERRIS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the Post Office appropriation bill (H. R. 19906), finding itself without a quorum, he ordered the roll to be called, whereupon 196 Members, a quorum, answered to their names, and he reported the names of the absentees to be entered upon the Journal.

The SPEAKER. A quorum being present, the committee will resume its sitting.

The CHAIRMAN. The question is on the amendment of the gentleman from Minnesota [Mr. STEENERSON].

Mr. MANN. I ask unanimous consent that the amendment may be reported again.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the amendment be reported again. Is there objection?

There was no objection.

The Clerk read as follows:

After line 8, on page 5, insert the following:
 "For compensation to assistant postmasters at first and second class post offices, 5, at not exceeding \$4,000 each; 42 at not exceeding \$3,000 each; 10 at not exceeding \$2,500 each; 5 at not exceeding \$2,000 each; 16 at not exceeding \$1,900 each; 45 at not exceeding \$1,800 each; 95 at not exceeding \$1,700 each; 150 at not exceeding \$1,600 each; 180 at not exceeding \$1,500 each; 150 at not exceeding \$1,400 each; 350 at not exceeding \$1,300 each; 560 at not exceeding \$1,200 each; 525 at not exceeding \$1,100 each; 300 at not exceeding \$1,000 each; 130 at not exceeding \$900 each; 100 at not exceeding \$800 each; in all, \$3,200,000."

The CHAIRMAN. The question is on the amendment.

The question being taken, on a division (demanded by Mr. BROWNING) there were—ayes 56, noes 61.

Mr. HOWARD and Mr. STEENERSON demanded tellers.

Tellers were ordered, and the Chairman appointed Mr. Moon and Mr. STEENERSON.

The committee again divided, and the tellers reported—ayes 64, noes 67.

Accordingly the amendment was rejected.

The Clerk read as follows:

Provided, That the respective compensation of postmasters of the first, second, and third classes shall be annual salaries, graded in even hundreds of dollars, and payable in quarterly payments, to be ascertained and fixed by the Postmaster General from their respective quarterly returns to the Auditor for the Post Office Department, or copies or duplicates thereof to the First Assistant Postmaster General, for the calendar year immediately preceding the adjustment, at the following rates, namely:

Mr. HOWARD. Mr. Chairman—

The CHAIRMAN. The Chair thinks the Clerk should complete the reading of the list of salaries as one paragraph.

Mr. CULLOP. If no right will be waived by the reading, I have no objection.

The CHAIRMAN. No rights will be lost.

Mr. MANN. A parliamentary inquiry, Mr. Chairman. How far is it understood that the Clerk is to read?

The CHAIRMAN. The Chair thinks the Clerk should read down to the end of the list of postmasters and salaries.

Mr. MANN. That will be down to what point?

The CHAIRMAN. Down to line 14, on page 7.

Mr. HOWARD. And at that time the Chair will entertain a point of order against the paragraph?

The CHAIRMAN. The Chair will then recognize the gentleman.

The Clerk read as follows:

At each post office where the receipts are \$8,000 and less than \$20,000, \$2,000.

Mr. WINGO. A parliamentary inquiry, Mr. Chairman. I want to make a point of order against that item. Is it proper to make it now or shall I wait?

The CHAIRMAN. The Chair thinks the Clerk should finish the reading of the list.

Mr. WINGO. That applies to points of order and amendments also?

The CHAIRMAN. The Chair thinks so.

Mr. WINGO. Is each paragraph a section?

The CHAIRMAN. The Chair thinks that down to the end of line 14, on page 7, which recites the list of offices, should be treated as one paragraph for the purpose of reading it.

The Clerk read as follows:

At each post office where the receipts are \$13,600,000 and over, \$8,000.

Mr. CULLOP, Mr. HOWARD, and Mr. WINGO rose.

Mr. HOWARD. Mr. Chairman, I make a point of order against that entire paragraph on the ground that it is legislation on an appropriation bill and a change of existing law. Further than that, Mr. Chairman, as I understood it, it was admitted here on the floor of the House the other day by members of the Rules Committee when they brought in the second rule that three items in this bill, that were included in the first rule that was voted down by the House, would be subject to a point of order. That statement was made, as I remember it, by the chairman of the Committee on Rules, and this was one of the items that was excluded from the second rule. But whether that be true or not, it is subject to a point of order, in that it is legislation on an appropriation bill, and that it changes existing law and it does not affirmatively appear to reduce expenses.

Mr. CULLOP. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. CULLOP. To make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CULLOP. The gentleman from Georgia [Mr. HOWARD] has made a point of order against the entire paragraph as a whole, because it is new legislation and is subject to a point of order, as he understands it from the discussion that occurred the other day. Now, if that point of order should be overruled to the paragraph as a whole, could a point of order be made then against each item in the paragraph? I desire to make a point of order against each item separately in the entire paragraph.

The CHAIRMAN. The gentleman will have an opportunity to be heard. Let us first dispose of the point of order of the gentleman from Georgia [Mr. HOWARD].

Mr. MANN. The point of order against the entire paragraph includes every item in it.

Mr. FOSTER. All these items were read as one paragraph.

Mr. MANN. Yes.

Mr. FOSTER. So that if the point of order is not held good—

Mr. MANN. If it is not held good, then everything in it escapes the point of order, because if there is any one thing in it that is subject to a point of order, it takes out the whole paragraph.

Mr. CULLOP. If that is the rule—

Mr. MANN. That is the rule.

Mr. CULLOP. Then I do not desire to press my point at this time.

Mr. MOON. Mr. Chairman, of course I want to be fair with the House about this matter. I understand that the point of order is to the proviso only. Am I correct about that?

The CHAIRMAN. The point of order was made to the entire paragraph.

Mr. MOON. I insist that it is not good to the item of compensation of postmasters, \$30,750,000. Does the gentleman make a point of order on that?

Mr. HOWARD. I made the point of order from line 9, on page 5, down to and including line 14, on page 7.

Mr. MOON. Then I understand the point of order is made against the proviso?

Mr. HOWARD. Yes.

Mr. MOON. Beginning at line 9, on page 5?

Mr. MANN. The whole thing.

Mr. MOON. There is no point of order on the compensation of postmasters, \$30,750,000. That has passed the committee. We have passed it all except the proviso.

Now, Mr. Chairman, the rule was defeated the first time in the House, and afterwards brought back and passed, and this provision was not included in the rule as it was returned to the House; and it is but fair to say to the committee that I am not going to insist upon that part of the proviso to this bill, because it was the understanding of the House that it was to be eliminated, although, of course, that understanding was only inferential; because if the matter in the last year's bill was not subject to a point of order, then the rule could not make it in order, or have any effect on it at all. The question here now is whether, as a whole, it is subject to the point of order.

It is true that there has been a rearrangement of salaries under this bill. Now, six or eight of these sections do change the amounts upon which the salary is based. But the aggregate of the section, including the proviso, is \$30,750,000, and that is the exact sum appropriated for the last time. The bill carries exactly the same figures it carried in the last year's bill. If the Chair should be of the opinion in making up the details of the aggregate sum that because these figures are assigned to different classes of offices it falls within the objection, I shall not insist, because of the alleged understanding in the House.

I want to say to the House that it would be an error and an unwise thing, even if this was subject to a point of order, to make it. With all due respect to every man who thinks otherwise, I think it would be foolish to make it, because you leave the section with the appropriation of \$30,750,000 in a lump sum without any segregation or direction to the Post Office Department about the expenditure.

Mr. BORLAND. Will the gentleman yield?

Mr. MOON. Yes.

Mr. BORLAND. Do I understand that the compensation is fixed by law or by Executive order?

Mr. MOON. It is fixed by an annual law; that is all. Take, for instance, the question of allowing 18 salaries of \$2,100, 24 salaries of \$2,700, and that is exactly the law to-day. That is where it applies to third-class post offices.

Mr. BORLAND. That is not fixed by law but is carried in the annual appropriation bill?

Mr. MOON. In the annual appropriation bill; yes. I want the House to understand that I am not objecting if you want it that way. Without any segregation it will be a splendid thing for the department to let them handle it and have their own way about it.

Mr. TAGGART. Will the gentleman yield?

Mr. MOON. Yes.

Mr. TAGGART. Does not the law provide now for the salaries of postmasters; that is, the salary which postmasters shall receive at the respective offices?

Mr. MOON. Yes; in certain classes it does.

Mr. TAGGART. The lump sum will be distributed in accordance with the law if the proviso is stricken out?

Mr. MOON. Possibly; but it is an annual law and not binding.

Mr. MANN. Will the gentleman yield?

Mr. MOON. Yes.

Mr. MANN. I understood the gentleman from Tennessee to say that it would be unwise to make the appropriation without specifying how it shall be distributed.

Mr. MOON. I do not know that I ought to go that far, but I think it would be wiser to let it stand.

Mr. MANN. I wanted to ask the gentleman if it had ever been distributed in any prior Post Office appropriation bill.

Mr. MOON. Yes; there was a time when we appropriated it in a lump sum.

Mr. MANN. It has not been distributed in a bill since the gentleman and I have been Members of the House.

Mr. MOON. Oh, yes; the segregation of the items, and most items under the bill occurred for the first time when Mr. Loud, of California, was chairman of the committee.

Mr. MANN. Not fixing the salaries of postmasters. The item for years has been carried "For compensation of postmasters" so much money, and that is the end of it.

The CHAIRMAN. The Chair wants to ask the gentleman from Tennessee this question. The gentleman from

Georgia makes the point of order that this is legislation and is not in order on an appropriation bill. That is not quite sufficient. Legislation may be in order under certain conditions.

Mr. MOON. Yes; under the Holman rule.

The CHAIRMAN. The Chair wishes to inquire of the chairman of the committee, who is more familiar with this matter, being first satisfied of the germaneness of the proviso and that it does not reduce the number of offices—the Chair wishes to ask the gentleman if it is a retrenchment of expenditure?

Mr. MOON. I understand from the department that it is.

The CHAIRMAN. Does the gentleman assert that the item shows on its face that it reduces the number of offices or retrenches expenditure?

Mr. MOON. I will explain it in a moment. This act is applicable to third-class post offices, and it retains every office on the existing salary grade in accordance with the gross receipts requiring the proposed salary. It is identical in the third-class offices with the salary now provided for third-class offices under the general and annual law.

In second-class post offices heretofore the existing grade of salary in the office of \$2,000 where the receipts were under \$8,000, and in the proposed plan it is \$2,000 where the receipts are the same. However, in the \$9,000 gross receipts the salary was \$2,100, and in the \$10,000 grade it was \$2,200, and the \$11,000 gross receipts \$2,300, and \$13,000 gross receipts \$2,400. Now this law drops out these four classes and comes down to the \$20,000 proposition, where \$2,500 is given when the receipts are as high as \$20,000. Under the old plan it was \$16,000. Therefore you save a salary of \$100 on the second, the third, the fourth, and the fifth of that class of second-class post offices. Then you wipe out all of the intermediary salaries of \$2,600, \$2,700, \$2,800, \$2,900, down to where the receipts are \$40,000 in the first class. There you have \$3,000 salary for \$40,000 gross receipts, and \$3,000 under the proposed plan. Then you drop out the intermediary salary until the first-class offices yield \$160,000, and you fix the salary at \$3,500. These intermediate salaries between \$2,500 and \$3,500 are dropped out, and so on until you complete the list, the largest saving being in the large offices, where are the largest receipts.

It would seem on its face that in the proposition, compared with existing law, there was a saving of about \$3,000,000 in money. But, as I remarked before, I do not want the House to be misguided by what I have said; the real saving will be about \$300,000 or a little over, because the difference between that sum and the \$3,000,000 will be used for the purpose of employing superintendents of finances of railway mail. I think on the face of the section it shows a saving of \$3,200,000. Again, it is fair to say that that is not the real saving, because we have had in other branches salaries of officers that will take up that sum with the exception of about \$300,000.

But I am not going to press on this House, if it does not want it, the consideration of this question. I am not going to insist it is in order, although I think it is, under the Holman rule, in view of the fact that so many Members of the House thought there was a consent agreement that this matter should go out in the event that rule was passed the second time. I am not going to put myself in the attitude of betraying any feeling on that score.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. MOON. Yes.

Mr. HOWARD. In the proviso here is not this a new method of ascertaining the amount to be paid to the postmasters?

Mr. MOON. I might have said that.

Mr. HOWARD. That they are to be graded in even hundreds?

Mr. MOON. Yes.

Mr. HOWARD. And payable in quarterly payments?

Mr. MOON. Yes.

Mr. HOWARD. To be ascertained by the Postmaster General from their respective quarterly returns to the Auditor of the Post Office Department?

Mr. MOON. The exact language is different. The gentleman is right about that. I am not going to insist that part of the section or the body of the proviso is in the language of the old law. I am going to say right now, for the satisfaction of the gentleman and everyone else, that I am entirely willing, as the department is, that this be left just exactly as you leave it.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. MOON. Yes.

Mr. MONTAGUE. If this is a new method of determining the salaries, does that or does it not take it out of the Holman rule?

Mr. MOON. I think so. That is what I said a moment ago, that so far as the body of the proviso is concerned it is subject to the point of order.

Mr. MONTAGUE. So that the Holman rule not being applicable this particular point of order raised by the gentleman from Georgia is well taken?

Mr. MOON. I had hoped that the gentleman from Virginia and the gentleman from Georgia would understand me. I have said that so far as the aggregate sum was concerned there is a large saving to the Government in the amount of the appropriation, but the phraseology of the body of the proviso is different from that carried heretofore, and it might properly be said to be new law. I am not going to insist, as I said before, upon the House adopting this recommendation of the department, as wise as I think it is, in view of what occurred in the consideration of the rule. I think the department will be left with this appropriation to do as it pleases.

Mr. CULLOP rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. CULLOP. Mr. Chairman, I simply wanted to call the attention of the Chair to the rule as offered on the 19th day of December. It does not include the \$30,000,000 item to which the gentleman from Tennessee [Mr. Moon] referred a moment ago.

Mr. MOON. The first rule did.

Mr. CULLOP. I have the one of December 19. It begins just with the proviso, and it covers the other items in the bill, and therefore the item of \$30,000,000—

Mr. MOON. That is not in dispute—

Mr. CULLOP. I understand that, but the gentleman from Tennessee referred to that as if this were connected with it.

Mr. MOON. This is the proviso to that.

Mr. CULLOP. I understand that, and that is what I am trying to get the gentleman from Tennessee to understand, so that this has no application or connection with the \$30,000,000 item, but is separate from it.

The CHAIRMAN. The Chair does not think that the existence of a rule or the particular thing that it does or does not embody has anything to do with this proposition. The proposition here is a cold one and comes to the Chair in that attitude, irrespective of what he may or may not believe about the matter. The gentleman from Georgia [Mr. Howard] makes the point of order that this is new legislation on a pending appropriation bill. That, standing alone, would not eliminate this item; that, standing alone, would not strike it from the appropriation bill, even though it be legislation. The question the Chair must determine is, first, Is the language under consideration germane? The Chair is not in doubt on this point, and thinks it is. The next thing that the Chair must decide for himself is, Does it retrench expenditures? and, third, Does it show on its face that it does? The Chair is rather of the opinion that it does retrench expenditures, but the Chair is not very clear whether it so shows it on its face or not.

Mr. STEENERSON. The existing law provides for exactly the same amount of appropriations.

The CHAIRMAN. That would not necessarily determine the matter. Lump-sum appropriations are often made, and might or might not be used. That would not necessarily foreclose the item under the rule. Any excess there may be in any lump-sum appropriation would be properly covered back into the Treasury, and that might not conclude the question.

Mr. TAGGART. Mr. Chairman, will the Chair yield for a moment?

The CHAIRMAN. Yes.

Mr. TAGGART. As I understand it, some of these items in the proviso are exactly the same as the items provided for in the present law. Some of the other items are different. As to whether they are greater or less, no one has shown any evidence whatsoever. Is it the duty of the Chair to secure the statute and compare it item by item and determine whether or not, as a matter of fact, it does retrench expenditures, or is it the duty of the Chair to pass upon the very face of it?

Mr. MOON. Mr. Chairman, will the gentleman from Kansas allow me a word? I cited to the Chair the present law of the land. The Chair, of course, can compare the bill with the law of the land and determine whether it appears upon its face that it retrenches expenditures.

Mr. TAGGART. Very true; but this bill carries the same number of items, the same amount of money, but different distributions. Has the gentleman shown the Chair that on its face it retrenches expenditures?

Mr. HOWARD. Mr. Chairman, I wish the Chair would indulge me for a moment. I do not think the Chair caught fully the point of order I made. The Chair has stated only a portion of it. When I made the point of order, and I think the reporter's notes will bear me out, I made the point of order that

this was new legislation; in other words, it was legislation on an appropriation bill. Further, that it did not affirmatively appear that it reduced expenses, and it is obliged to appear affirmatively, as an amendment to come within the Holman rule, that it is a retrenchment, and the failure to affirmatively appear would make it subject to a point of order.

The CHAIRMAN. The Chair has considered the point of order in the light of the gentleman's more recent statement. Does the gentleman from Illinois desire to be heard? The Chair is in doubt as to whether or not the provision shows on its face that it really works a retrenchment.

Mr. MANN. Just a moment, Mr. Chairman. I have not heard a statement as to whether any of the items in this increase the pay of postmasters according to the receipts. We have had a statement that some of the items would be the same and in some cases there would be a decrease. Now, whether there are any increases, I think, is a very pertinent inquiry. If there were increases in some cases and decreases in other cases, I do not see how the Chair could determine in advance of the settlement of the question and the sale of postage stamps whether the decreases would more than balance the increases or vice versa.

Mr. MOON. If the gentleman will look on page 42 of the hearings, he will find a statement in reference to all classes of offices—

Mr. MANN. It is pretty late for us to examine into that—

Mr. MOON (continuing). And unless this section is passed then the appropriation will have to be increased over the former appropriation about \$1,500,000.

Mr. MANN. I am told the hearings state that there are no increases. Several gentlemen here have informed me as to offices with which they are familiar that there are increases.

Mr. SLOAN. Will the gentleman yield? I want to call the attention of the gentleman to two of the larger cities in my State wherein one is decreased, the city of Omaha, and the city of Lincoln is increased under this classification.

Mr. HUMPHREY of Washington. It ought to be.

Mr. SLOAN. And that arises from the peculiar classification. Lincoln at present has a \$3,900 salary by reason of its having between \$400,000 and \$450,000 receipts. It would have \$4,000 under the classification proposed in this bill, being between \$340,000 and \$610,000. So here is an increase in one case and a decrease in another from the present law, the decrease being in the Omaha office from \$6,000 under the present law to \$5,000 under the proposed law. The fact that Lincoln is the home of our Secretary of State and Omaha the residence of Senator Hitchcock is regarded as a mere accident of classification, and the fact that Lincoln has a new Democratic postmaster while Omaha has a Republican postmaster with some time to serve is of no more than incidental significance.

Mr. MANN. I did not know what the facts were; I have not seen any general statement.

Mr. MOON. What does the gentleman say about there being an increase?

Mr. SLOAN. In the city of Lincoln.

Mr. MOON. How much?

Mr. SLOAN. One hundred dollars.

Mr. MOON. In what office?

Mr. SLOAN. In the city of Lincoln, Nebr.

Mr. MOON. Upon what basis?

Mr. SLOAN. The present salary is \$3,900, and it is based upon receipts as given here under the rules and regulations, being between \$400,000 and \$450,000. Now, under the new classification Lincoln will fall between the \$340,000, as you will find at the bottom of page 6, and \$610,000, carrying a salary of \$4,000, or an increase of \$100.

Mr. MOON. It is possible in this classification in some one office—

Mr. SLOAN. It is not only possible but certain.

Mr. MOON. Oh, but taking it clear through—

Mr. MANN. Several other gentlemen here have stated there were increases, and I simply wish to ask—

Mr. MOON. The gentleman may be right about it, because \$3,900 was the salary when it was \$400,000 receipts, and now it is only \$4,000 when the receipts are \$610,000.

Mr. MANN. Showing there is an increase, and how can the Chair determine how many increases will be made?

Mr. MOON. Oh, but the Chair is not to take all possible increases—there is no showing here upon the face of this bill that there is any such office.

Mr. MANN. Oh, no; there is no showing anything on the face of it that—

Mr. MOON. The difference is when you drop out four classes with heavy salaries you bring them down to a \$4,000 salary

when you get them to \$340,000 receipts and between that and \$610,000 receipts.

Mr. SLOAN. Will the gentleman yield further? I inquired of the Post Office Department about the correctness of this and was informed from the First Assistant Postmaster General's office that there was an increase of the postmaster's salary in the Lincoln post office.

The Post Office bill now under discussion provides for a general reclassification of postmasters' salaries. The apparent purpose in the reclassification is to reduce the salaries generally of postmasters in second-class offices and to increase, or at least protect, the salaries in certain first-class offices of the first metropolitan grades.

In the first-class offices, under the present law, there are but five paying more than \$6,000, namely, New York, Chicago, Philadelphia, Boston, and St. Louis. The salary of each of these is now \$8,000. Kansas City, Pittsburgh, Cleveland, Minneapolis, and many others will remain the same as heretofore.

There are a good many reductions in first-class offices where the pay has heretofore been \$3,100 or \$3,200 to \$3,000. There is a large number of second-class offices where the salaries are reduced from a sum under \$3,000 to \$2,500, and a larger number from \$2,500 and under to \$2,000.

These reductions fall most heavily and frequently upon the thriving county seat and other towns where the population ranges from 2,000 to 15,000 inhabitants. However, salaries are based on post-office receipts.

The effect of this bill in these particulars is especially marked in my congressional district and State of Nebraska.

The following shows how it affects Nebraska:

It works a reduction in 33 Nebraska post offices in the aggregate annual amount of \$8,700.

It works an increase in 1 office in the sum of \$100.

The changes in congressional districts are as follows:

<i>First district.</i>		Decrease.
Falls City	-----	\$400
Lincoln (increase)	-----	100
Nebraska City	-----	500
Plattsmouth	-----	100
Net decrease for district	-----	900
<i>Second district.</i>		
Blair	-----	\$100
Omaha	-----	1,000
Decrease for district	-----	1,100
<i>Third district.</i>		
Albion	-----	\$100
Central City	-----	300
Columbus	-----	500
Fremont	-----	100
Norfolk	-----	200
Schuyler	-----	100
Wayne	-----	200
Total decrease for district	-----	1,500
<i>Fourth district.</i>		
Aurora	-----	\$300
Crete	-----	300
David City	-----	300
Fairbury	-----	500
Seward	-----	200
Wahoo	-----	200
York	-----	200
Total decrease for district	-----	2,000
<i>Fifth district.</i>		
Clay Center	-----	\$100
Superior	-----	300
Grand Island	-----	100
Holdrege	-----	300
McCook	-----	200
Total decrease for district	-----	1,000
<i>Sixth district.</i>		
Alliance	-----	\$400
Broken Bow	-----	300
Chadron	-----	100
Crawford	-----	100
Kearney	-----	100
Lexington	-----	200
North Platte	-----	500
O'Neill	-----	100
Scotts Bluff	-----	300
Total decrease for district	-----	2,100

It will be seen that Nebraska, as a strictly agricultural State, would lose to its postmasters a net sum of \$8,600. It would be little comfort to know that a part of this saving would go to metropolitan cities. This is merely a metropolitan grab, which should not be permitted to pass. It is proper to state that this was one of the measures sought to be slipped through the House under the same unwarranted rule which attempted to crowd the contract system upon the Rural Free Delivery Service

of this country; and it was sought to be done in such a way that if these two measures were not accepted, then the necessary funds for running the postal business of the country would be shut off. Many of the post offices affected by the above condition are presided over by Republicans now, but will be officered by Democrats under this proposed system; but they are entitled to be defended against this discrimination.

The CHAIRMAN. The Chair is ready to rule.

Mr. MOORE. Mr. Chairman, will the Chair permit me to ask a question of the gentleman from Tennessee before he rules?

The CHAIRMAN. Certainly.

Mr. MOORE. Will the gentleman from Tennessee state whether in the aggregate he can tell that there is an increase or a decrease?

Mr. MOON. In the aggregate there is a decrease of over \$3,000,000.

Mr. MOORE. I listened to what the gentleman from Nebraska said about the increase at Lincoln, and I have been informed over the telephone from the Post Office Department that the salary at Philadelphia would be decreased.

Mr. MOON. I am not claiming they are increased. I am claiming they are decreased in these larger offices. That is why it falls under the Holman rule.

Mr. COX. The Chair has held the proviso is germane under the Holman rule. The question, then, as the Chair tersely put it, is, Does it retrench or reduce expenditures? I do not believe any direct evidence has been brought to the attention of the Chair showing that the proposed classification does reduce or retrench expenditures.

I doubt whether any positive evidence can be brought to you upon that point, but I believe evidence can be brought that the Chair, sitting as a court, judicially knows to be true, showing and intending to show that the proviso does reduce or retrench expenditures.

Now, the amount carried in this appropriation bill for salaries of postmasters for the next fiscal year is \$30,750,000. That is the same amount that is carried in the current law for the present year. Now, then, the Chair, sitting as a court and as a legislator, knows that the Post Office Department has in all of its branches every year a constant and continuous increase in everything relating to the postmaster's salary as well as everything else. If the Chair will bear with me, I believe I can show him where, at least inferentially, that proviso tends to reduce and retrench expenditures, and therefore is in order under the Holman rule. I call the Chair's attention to the hearings on page 41:

The average increase of postmasters' salaries during the last 10 years has amounted to \$768,086.54, or 3.01 per cent.

Now, that has been the average increase in the salary of postmasters for the last 10 years.

The average increase for the last five years amounts to \$678,167.38, which is equivalent to 2.43 per cent. Now, taking 2.43 per cent, or 2.5 per cent, as the increment of increase, we would increase the estimate for 1915 by \$748,855.23. By putting this average increase at 1.80 per cent, which is about the increase between 1912 and 1913, and using that as our basis, we found that the increase would be estimated at \$552,655.16, and adding that to the estimated amount for 1915, in which year we are now, we have the figures which I first gave you, namely, \$31,255,719.67, necessary in the event our proposed legislation is not approved.

Now, the bare fact that the appropriation for the next ensuing year carries the same amount that is found in the current law with the average increase of the salary of postmasters for the last 10 years—3.8 per cent—in my judgment, the Chair judicially knows that if this classification did not decrease the salary of the postmasters, instead of this amount being \$30,755,000 there would have to be at least 3 per cent added onto it in order to meet the salary for the postmasters for the next year under the present current law, or under the law of the land. I say it can be figured out. While it is not shown upon its face that it is a decrease, yet when you apply the figures to the solution of the problem it figures out automatically that there must inevitably be a decrease in this appropriation.

Mr. HOWARD. Will the gentleman yield for a question right there?

Mr. COX. For a question.

Mr. HOWARD. I notice the statement upon which you predicate these salaries is this tabulated statement of the First Assistant Postmaster General, and it says that under the present law a \$4,000 salary is paid to a postmaster who had receipts in his office amounting to \$450,000. Now, then, under the proposed plan you intend to pay him \$4,000 in the event his receipts are \$340,000. Therefore at that rate of salary you raise the salary of the postmasters.

Mr. COX. That might be true in certain circumstances. They might be increased in certain circumstances, but in the last

analysis, or as a final result, it is irresistible that it resolves itself into a reduction instead of an increase.

Mr. HOWARD. If it reduces the expenses, why was it necessary for the Post Office Committee in this bill to carry identically the same appropriation as in 1914?

Mr. COX. Because there has been an increase of postmasters in the United States since the last bill was made up.

Mr. HOWARD. That does not affirmatively appear.

Mr. COX. I said to the chairman a while ago that while there was nothing on the bill that made it affirmatively appear, when you applied the figures to the case it brought it under the Holman rule.

Mr. MONTAGUE. Will the gentleman yield?

Mr. COX. I will.

Mr. MONTAGUE. I wish to make this brief observation, that when the gentleman says there is nothing on the face of the record to show a decrease, he admits himself out of court, to use his own illustration. If the bill itself shows upon its face that there is no reduction, it is not within the Holman rule, and we can not, de hors the record, introduce evidence to contradict that record. The point is that the amount carried in the bill itself must be below that which is now appropriated, and it must affirmatively appear that the bill does reduce the sum heretofore appropriated, or the point of order should be sustained.

Mr. MANN. Mr. Chairman, the learned gentleman from Virginia [Mr. MONTAGUE] is usually right upon any proposition. He is hardly right that we go de hors the record in the House.

The Chair is called upon always in ruling to ascertain facts, because upon facts depends the ruling, and it is a most common practice for the Chair to ask the chairman of a committee in charge of a bill whether a certain thing accomplishes a certain purpose and does a certain thing outside of the record, and it must be so.

Mr. MOON. Mr. Chairman, I was going to observe that the Chair has already held that the amendment is germane, and that being so, of course the position of the gentleman from Virginia [Mr. MONTAGUE] is not tenable, as explained by the gentleman from Illinois [Mr. MANN].

In order for you to determine whether or not upon the face of the bill there is a reduction of expenditures you have got to have something to compare the face of that bill with. It would be ridiculous for you to say that upon the face of it it decreases or increases expenses unless there is some other thing that it could be compared with in order to determine that reduction of expenditure, and the law of the land is the thing to compare it with.

Mr. MONTAGUE. Mr. Chairman, will the gentleman permit me a word?

Mr. MOON. Yes.

Mr. MONTAGUE. The gentleman evidently misunderstood me. I did not say there should be no comparison, but I said that the comparison should be of the pending bill with the existing law.

Mr. MOON. That is correct. I did not understand that.

Mr. MONTAGUE. That is my position.

Mr. MOON. Now, if that position is taken, a reduction of over \$3,000,000 is shown.

The CHAIRMAN. The gentleman from Georgia [Mr. HOWARD] makes a point of order against the paragraph. Of course the general rule is that legislation can not be placed upon an appropriation bill. It is only to be retained, if at all, under the Holman rule. It can not come within the terms of that rule unless, first, it retrenches expenditures; second, reduces the number of officers; third, reduces their salaries; fourth, it must show on its face; or, fifth, it must be germane. As to germaneness, the Chair is not in doubt. The amendment is germane. As to whether or not it retrenches expenditures, the Chair is in doubt. As to whether or not it reduces the number of officers, the Chair does not think he has occasion to determine it, because there is nothing on the face of the bill or asserted in the argument that shows that it does reduce the number of officers. The Chair feels that he ought to preserve the rules of the House, and ought not to depart from the plain provision of the rule on account of any special agreement or specific impressions that may be entertained to the effect that it tends to reduce the number of officers or reduce the amount of expenditures. But reading from page 5, line 9, and even allowing the mind to go outside of the face of the bill, it is not clear in the mind of the Chair, as a matter of fact, whether or not it in fact does decrease or retrench expenditures. But leaning back on the chairman of the committee and other members of the committee who feel that it would work a large reduction of expenditure, certainly there is nothing on the face of the bill that would clearly indicate to anyone that it would reduce or retrench expenditures. Certainly there is nothing that

could be read in the text by either layman or expert, without making mathematical calculations which the Chair does not feel called upon to make, that would show retrenchment or reduction. Therefore the point of order is sustained, and the language is eliminated.

Mr. SLOAN. Mr. Chairman, I had prepared a speech that I wished to deliver on this bill, and I now ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The Clerk will read.

Mr. MOON. Just a moment, Mr. Chairman. I ask unanimous consent to go back to line 8, on page 5, to the words "For compensation to postmasters, \$30,750,000," and strike out "\$30,750,000" and insert "\$31,255,719.67," that amount being necessary now to pay the postmasters since the Chair has ruled out the proviso.

The CHAIRMAN. The gentleman from Tennessee [Mr. MOON] asks unanimous consent to return to page 5, line 8, for the purpose of offering an amendment. Is there objection?

Mr. MANN. I object.

The CHAIRMAN. The gentleman from Illinois objects. The Clerk will read.

The Clerk read as follows:

Page 7, line 17:

"Superintendents of finance, superintendents of mails, and superintendents of delivery, six at not exceeding \$3,800 each."

Mr. HUMPHREY of Washington. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HUMPHREY of Washington. Does the Chairman think that it should be read to the end of this provision for superintendents?

The CHAIRMAN. The Chair is not clear that he would be right about it, but that has been the practice, the Chair thinks.

Mr. MANN. These are separate paragraphs, and they have always been considered separate.

Mr. HUMPHREY of Washington. If it is considered a separate paragraph, Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Washington [Mr. HUMPHREY] moves to strike out the last word on line 19, page 7.

Mr. HUMPHREY of Washington. Mr. Chairman, I want to ask the chairman of the committee a question. The sum here indicated is \$3,800. What is the compensation of these superintendents at the present time?

Mr. MOON. That is an increase.

Mr. HUMPHREY of Washington. Of how much?

Mr. MOON. I think about \$400. I believe \$3,200 was the highest pay heretofore. That would be an increase of \$600.

Mr. HUMPHREY of Washington. Do I understand that after all the pleas we have heard for economy, and after attempting to abolish the office of assistant postmasters, now it is proposed to increase the salaries of these gentlemen in these six offices in great cities?

Mr. MOON. Yes; and I will tell you why that is proposed. We reduced the salary. We have stricken out the assistant postmaster proposition. It is necessary in these six large cities that we should create a position similar to that of assistant postmaster—that is, the position of superintendent of finance—and give him pay on the basis that the assistant postmaster got. For instance, if the postmaster got in those big cities \$8,000, the pay of the superintendent of finance in that place ought to be about \$3,800.

Mr. HUMPHREY of Washington. Then we have this situation, as I understand, that you are not going to decrease the compensation of these assistant postmasters.

Mr. MOON. Yes; we are going to do this—

Mr. HUMPHREY of Washington. And yet you are going to increase the six superintendents, and at the same time you say you are going to save money.

Mr. MOON. In the large cities this compensation was raised from \$3,200 to \$3,800 for the purpose of raising the salary of the man who will no longer be assistant postmaster, but superintendent of finance in that place.

Mr. HUMPHREY of Washington. What does the assistant get now?

Mr. MOON. About 50 per cent of the salary of the postmaster.

Mr. GOULDEN. In New York City \$4,000.

Mr. MOON. So this is a slight reduction—\$200. As assistant postmaster the man gets \$4,000, and in this position he will get

\$3,800. We had to raise the salary of this position in order to make it commensurate.

Mr. HUMPHREY of Washington. You still have the position of superintendent of finance, have you not?

Mr. MOON. We have various superintendents of finance and superintendents of mails all over the country, but these are for the large cities.

Mr. HUMPHREY of Washington. I do not understand how it is that you increase the salaries of these offices if no such offices now exist.

Mr. MOON. We are creating the office of superintendent of finance. Do you want to make a point of order on that? If you do, go ahead and make it. It is subject to the point of order.

Mr. HUMPHREY of Washington. I would make it quickly enough if it were subject to it, but it is not.

Mr. MOON. Of course it is.

Mr. HUMPHREY of Washington. The special rule makes it in order. I want to call the attention of the committee to the fact that these assistant postmasters all over the country have had their salaries taken away, and, according to the statement of the chairman of the committee, it is proposed to reduce their compensation when they are assigned new positions, if they ever are, and it was proposed a moment ago by the committee to reduce the compensation of the postmasters throughout the country, all in the sacred name of economy, but in the very next paragraph we find a proposition to increase the salaries of these superintendents in the great cities.

Mr. MOON. It is plain enough to anybody who understands the situation.

Mr. HUMPHREY of Washington. Perhaps so.

Mr. MOON. And I will make it plain to you in a moment. These men are now getting \$4,000. If in their new positions we reduced them to \$3,200, it would not be sufficient compensation, so we raised it to \$3,800. Now talk all the economy you want.

Mr. HUMPHREY of Washington. Then the chairman of the committee contradicts himself, because he started out by saying this was an increase of \$600.

Mr. MOON. Yes; from \$3,200 to \$3,800.

Mr. HUMPHREY of Washington. As I said, in the sacred name of economy we find increases here, when we have had it preached to us that these smaller offices throughout the country must be abolished to save money.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BORLAND. I ask unanimous consent that the time of the gentleman be extended two minutes.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that the time of the gentleman from Washington be extended two minutes. Is there objection?

There was no objection.

Mr. HUMPHREY of Washington. We are practicing economy on the small offices, but we must increase the salaries of these offices in the large cities to offset any saving that may be made.

Mr. BORLAND. The gentleman does not understand the situation at all. In the first place the position of assistant postmaster has been done away with, and there has been a change from the five-division system to the two-division system, and one man has charge of all the finances and the other has charge of everything connected with the delivery of the mail, so that there are two men who occupy positions relative to that of assistant postmaster, on account of the growth of the work. In our office there were five men who were superintendents, and now they will have two men, and that is the condition in every big city. They have economized by reducing the number of offices and consolidating the work.

Mr. HUMPHREY of Washington. It is going to affect the city of St. Louis, and you need not argue any further. I know you are in favor of it.

Mr. BORLAND. It is going to effect an economy there.

Mr. HUMPHREY of Washington. And yet the committee told the House that these assistant postmasters were not going to be put out of office, that they were going to give them other places; and now it is proposed to give increased salaries to these superintendents for doing the work of the assistants. Whose places will the assistants take?

Mr. BORLAND. They are going to give them other places.

Mr. HUMPHREY of Washington. And now you say that they are increasing the salaries because two men are to do the work of five.

Mr. BORLAND. Where there have been five offices there will now be two.

Mr. HUMPHREY of Washington. It is an increase in these high-class offices. That is all, and it is done in the name of

economy. Now, before I sit down I want to offer an amendment to reduce the salary to \$3,200.

Mr. MOORE. The gentleman from Washington is in error in this case, because in the Philadelphia post office they propose to reduce the postmaster's salary from \$8,000 to \$7,000.

Mr. BARKLEY. That is a small office. [Laughter.]

Mr. HUMPHREY of Washington. I was referring to the large offices, not to the Philadelphia class.

Mr. MOORE. Yes; like Seattle, Wash., and Lincoln, Nebr. [Laughter].

Mr. STEENERSON. I should like to ask the chairman of the committee where these six superintendents are located whose salaries are to be increased from \$3,200 to \$3,800? They are in New York and Chicago, are they not?

Mr. MADDEN. I can tell the gentleman. They are in Chicago and New York.

Mr. STEENERSON. I was asking the chairman.

Mr. MOON. The gentleman can answer as well as I can.

Mr. STEENERSON. I know where they are, but I was asking the chairman.

Mr. MOON. The gentleman ought not to take the time of the committee by asking me to answer something that he already knows. I ask the clerk to proceed with the reading of the bill unless some gentleman wants to offer an amendment.

Mr. HUMPHREY of Washington. I have offered an amendment.

Mr. STEENERSON. I believe I have the floor, Mr. Chairman, and I propose to keep it until my time is out. So far as I have been able to learn, this proposition is the only one where salaries are actually increased. These supervisory officers throughout the country have their salaries increased.

Mr. COX. Will the gentleman yield?

Mr. STEENERSON. No; I will not yield now. It seems to me strange that the high officials of the Post Office Department should deem it necessary to recommend an increase in the salaries of the supervisory officials when they recommend reductions of so sweeping character in the pay of carriers.

It seems to me that the fervent patriotism of these high officials who are in favor of reducing some one else's salary could be compared only to the patriotism of Artemus Ward, who was not willing to enlist in the war himself, but was willing to sacrifice all of his wife's relations on the altar of his country. That is the patriotism that we find in the proposition here in the recommendation to cut the poor rural carriers' pay and the smaller offices, while the high officials whose salaries are \$3,200 shall be raised to \$3,800. I believe they are entitled to it, but I do not think that they are in view of the fact that everybody else's salary is proposed to be reduced.

Mr. GOULDEN. Will the gentleman yield?

Mr. STEENERSON. Yes.

Mr. GOULDEN. What per cent of the entire revenue of the Post Office Department comes from the cities of Chicago and New York?

Mr. STEENERSON. None of it; I think it all comes from the country and flows into New York and Chicago. [Laughter.] Whatever postage you pay in the cities you charge back to the people who trade with you, so in the end it is the country that pays the whole bill.

Mr. GOULDEN. One-sixth of the entire revenue comes from those two cities.

Mr. STEENERSON. It depends on the way you figure it.

Mr. MADDEN. Mr. Chairman, \$52,000,000 of the receipts of the Post Office Department comes from the cities of New York and Chicago—one-sixth of all the revenue. The men who are provided for in this \$3,800 item each have over 3,000 men under their jurisdiction. That is an army. And yet the gentleman who comes from a section of the country where they have not more than one man in any post office, the receipts of which are infinitesimal, objects to the employment of brains to run the great institutions of these great cities of America. We have only one man as postmaster in each of these great cities, but we employ an army of men under him to conduct the business, and this one superintendent is obliged to understand all the details, all the vast business done under his jurisdiction; but, according to the gentleman's idea, he must not be placed where his salary could be increased. This is equality of opportunity, according to the gentleman from Minnesota. That is equality of treatment. If there were ever men anywhere who have been unjustly and unfairly treated, it is the men who are provided for in the item now under consideration. That they have only been paid in the past \$3,200 is to the shame of the Government; that they are only to be paid \$3,800, if this bill becomes a law, is unfair, because no man who occupies one of these places should be employed at a smaller salary than \$6,000; and no man who occupies such a place in the commercial life of America would

be thought of at less than \$10,000. Gentlemen say they want to be fair and want to be just, but there is no justice and no fairness in the statement made by the gentleman from Minnesota. [Applause.]

Mr. HUMPHREY of Washington. Mr. Chairman, I have offered an amendment to strike out the "\$3,800" and insert "\$3,200." I want to see who lines up for economy.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 7, line 18, strike out "\$3,800" and insert "\$3,200."

The question was taken; and on a division (demanded by Mr. HUMPHREY of Washington) there were 4 ayes and 32 noes.

So the amendment was lost.

The Clerk read as follows:

Superintendents of finance and superintendents of mails, six, at not exceeding \$3,400 each.

Mr. HUMPHREY of Washington. Mr. Chairman, I move to strike out the last word. Where is the compensation provided for in this case?

Mr. MOON. Wherever the Postmaster General sees fit to assign a superintendent.

Mr. HUMPHREY of Washington. Is that an increase?

Mr. MOON. Yes; that is an increase.

Mr. HUMPHREY of Washington. I am very much elated by the vote that was given me on my last amendment on that side of the House, and I am almost persuaded to offer another amendment.

Mr. MOON. Does the gentleman think he ought to be persuaded, considering the way his own side voted against him on his last amendment?

Mr. FITZGERALD. The gentleman from Washington does not wear any medals for economy.

Mr. HUMPHREY of Washington. I never stood around and made a pretense; I was always consistent. I never tried to take anything away from anybody by an amendment under a sham and a pretense. I do not blame my friend from Chicago for wanting to get an increase there for two or three gentlemen in his post office. My distinguished friend from Illinois, Mr. MADDEN, made a plea for postmasters, and said they only had one at Chicago, but under the definition that he gave a while ago, that a postmaster was a politician, and the fact that they have 3,000,000 in that city qualified for the place, I think there will be no dearth of postmasters in that vicinity.

Mr. BORLAND. Mr. Chairman, what is before the House?

The CHAIRMAN. The gentleman from Washington has moved to strike out the last word.

Mr. HUMPHREY of Washington. I am surprised that the gentleman from Missouri could not discover so large a man so close to him; it shows that he does not see many things that he ought to. I just want to say this, since the distinguished gentleman from New York [Mr. FITZGERALD] has come into the Chamber: I want to call his attention to the fact that the great Post Office Committee, that has been preaching economy to us and the whole country, now proposes to increase certain salaries. I would expect the gentleman from New York to protest. I just want to call his attention to it, because I know he will as soon as he sees the item.

Mr. FITZGERALD. Mr. Chairman, I think the attitude of the gentleman from Washington [Mr. HUMPHREY] fully explains the erroneous notion that he and those who think like him have as to what is economy. It is not economy to refuse to pay a few men, a mere handful, compensation that may only be said to approximate what even in an economical government should be paid for services rendered. I saw the gentleman fussing here because \$200 was proposed as an increase in the compensation of men—

Mr. MOON. Six men.

Mr. FITZGERALD. Whose services are of such a character that anyone who has the slightest knowledge of them appreciates that they are worth more than it is now proposed to pay them. It is not economy to oppose every increase in salary. It is not economy to refuse to pay men an adequate compensation for services rendered. It is not economy to bite off your nose to spite your face in this House. I can recall when the gentleman from Washington still possessing these same notions of economy advocated very large expenditures to build roads and trails and shelters in certain national parks adjacent to the community in which he resides, not because the number of persons who visit the park justified very large expenditures of money, but because the proposed appropriation would put money in circulation in that particular portion of the country in which he resides, and would make more convenient, more pleasant and attractive some of the property of the Government to a very restricted number of people residing in a very restricted

area, all of them represented in the House by the distinguished gentleman from Washington. I have never attempted to prevent an adequate compensation being paid Government officials for their services. I am one of those who believe first that the great bulk of Government employees are amply paid. I believe that the employees in the clerical forces of the United States Government are well paid. I know that in certain supervisory positions, certain technical positions, the employees of the Federal Government as a rule are not properly remunerated. It would be easy to provide proper remuneration for those employees if we could eliminate certain unnecessary officials, curtail certain activities of the Government which properly should not be conducted by the Federal Government. The gentleman from Washington strongly opposes the abolition of assistant postmasters, because some particular individual would lose some particular place, although he would not be separated from the public service. He would lose a title, although there would be greatly increased efficiency and resultant economy. He opposes that reform because some one in whom he is interested might lose a title—not his compensation, not work, just a title, a title obtained by having been assigned to a place which he obtained, as in most of these cases, without civil service examination. Yet the gentleman cries out for economy and antagonizes an increase of a few hundred dollars to pay some of the hardest worked and most deserving men in the whole public service.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Clerk read as follows:

Superintendents of finance, and superintendents of mails, 16 at not exceeding \$3,200 each.

Mr. HUMPHREY of Washington. Mr. Chairman, I move to strike out the last word. Since the gentleman from New York has seen fit to point out some of my economies, I think it would be well to point out a few that he has practiced. I recall that last year we of the west coast made a very strenuous effort to get \$40,000 for a wire drag to locate the dangerous rocks in the waters of the coast of Alaska. Along that coast since it has become an American possession we have lost over 280 vessels. We have lost over \$12,000,000 worth of property. We have lost over 400 lives. Last year 43,000 passengers went through those dangerous waters. Last year our trade with Alaska amounted to \$67,000,000. During the last four years the Government has lost vessels to the value of \$850,000 in those waters. We went before the Committee on Appropriations and urged \$40,000 to survey those waters, to protect life and property. That was denied in the holy name of economy, but in the same bill where the \$40,000 was denied to protect life and property in the most dangerous waters upon the face of the earth \$50,000 was appropriated to erect a monument to the memory of some man whose name I can not now recall and whose name two-thirds of the people of the United States never heard. In that same bill where they refused to appropriate \$40,000 for a survey of these waters, when the emergency was so great that the Secretary of Commerce made a personal appeal that it be done, and when the President of the United States had asked that it be done, the pitiful sum of \$40,000 was refused with which to protect \$67,000,000 of commerce and 43,000 lives—refused upon the pitiful plea of economy.

But in the same bill where this appropriation was asked \$400,000 was appropriated to purchase an additional site for a public building in Richmond, Va. That is the gentleman's idea of economy and emergency. I will put my attitude upon economy against that of the gentleman. If what I said, when that bill comes in this time, will induce the gentleman to follow the recommendation of the President and Secretary of Commerce and appropriate this needed money, I will forgive him for everything he has said about me and everything he may say. [Applause.]

Mr. FITZGERALD. If the gentleman will permit me—

Mr. MANN. Will the gentleman yield?

Mr. FITZGERALD (continuing). In the first place the President made no such recommendation—

Mr. HUMPHREY of Washington. Oh, well, the gentleman ought to read what the President said in his message.

Mr. FITZGERALD (continuing). Until the opening session of this Congress.

Mr. HUMPHREY of Washington. That is true.

Mr. FITZGERALD. So that there was no refusal to follow the recommendation of the President. And in the second place—

Mr. HUMPHREY of Washington. Mr. Chairman, to whom had I yielded?

The CHAIRMAN. The time of the gentleman has expired.

Mr. FITZGERALD. I will yield to the gentleman.

Mr. HUMPHREY of Washington. I did not want to yield to the gentleman just now. I will yield to the gentleman from Illinois.

Mr. FITZGERALD. In the second place the gentleman's party was in control of the Federal Government for 16 years—

Mr. MANN. The same old 16 years again.

Mr. FITZGERALD (continuing). And the gentleman himself was in this House for a good many years. He is living as close to Alaska as anybody in the United States, and he never knew of the necessity or of the desirability of having this so-called wire dredge in order to locate dangerous rocks in the uncertain waters of Alaska until a Democratic Secretary of Commerce, living in the city of New York, urged Congress to make the appropriation.

Mr. HUMPHREY of Washington. Will the gentleman yield?

Mr. FITZGERALD. If I lived as close to Alaska as the gentleman from Washington does and I had to wait until somebody 4,000 miles away discovered what it was thought desirable to have in order to protect commerce, life, and property in those waters, I would either do a little more investigating on my own account, or I would allow some one with more activity and knowledge about matters to represent that section of the country in this House. [Applause on the Democratic side.] I yield to the gentleman.

Mr. HUMPHREY of Washington. Will the gentleman yield?

Mr. FITZGERALD. Yes; I yield.

Mr. HUMPHREY of Washington. I wish to call the attention of the gentleman to the fact that while that is a very brilliant remark he made about me, the only trouble is it is not correct—

Mr. FITZGERALD. It is correct. The gentleman never opened his mouth about a wire dredge for Alaskan waters until a Democratic Secretary of Commerce had recommended—

Mr. MOON. Mr. Chairman, I make the point of order that this discussion is not confined to the subject matter of the bill.

Mr. HUMPHREY of Washington. If the gentleman from New York [Mr. FITZGERALD] will look in his files he will find the letter I wrote to him upon the question, and to every Member of Congress I sent a similar letter. The trouble about it is that the gentleman does not remember the facts and he does not correctly state them.

Mr. FITZGERALD. If I did not remember the facts from my experience with the gentleman from Washington, I would not appeal to him to ascertain and know the facts.

Mr. HUMPHREY of Washington. The gentleman would not accept them in any event.

Mr. MANN. I want to ask the gentleman if he discovered in this connection, in reference to this wire drag of the Secretary of Commerce, who has a drag with the present administration?

Mr. HUMPHREY of Washington. We will know when the appropriation bill comes in.

Mr. FITZGERALD. We know very well the gentleman from Washington has not and does not deserve it, and I hope he will not have it.

The Clerk read as follows:

Superintendents of finance, cashiers, bookkeepers, superintendents of mails, assistant superintendents of mails, superintendents of stations, foremen, special clerks, and stenographers, 150 at not exceeding \$1,800 each.

Mr. HUMPHREY of Washington. Mr. Chairman, I move to strike out the last word. I dislike to renew this controversy, but I will use but a minute. I simply want to state, in reply to the gentleman from New York [Mr. FITZGERALD], if he has not left the floor—

Mr. MOON. I suggest that the gentleman from Washington had better wait until the gentleman from New York comes back.

Mr. HUMPHREY of Washington. I will not take but a minute.

Mr. MOON. It is not on the Post Office bill, anyway.

Mr. HUMPHREY of Washington. I will get through in a minute. The statement of the gentleman from New York, as I said, was very facetious as to what had been done, but, as a matter of fact, if the gentleman will look in his files he will find that long before the appropriation bill came in last year I wrote him a letter, and that letter sets out in detail the wrecks that have taken place in Alaskan waters and the great necessity for these appropriations. I not only wrote to the gentleman from New York, the chairman of the Committee on Appropriations, but I wrote a letter of a similar character to every Member of both the House and the Senate. I did everything within my power to secure this appropriation for a survey of Alaskan waters, and while I do not claim to know everything about the needs of my country, in this particular instance, at least, I am

not subject to the criticism of the gentleman from New York [Mr. FITZGERALD].

Mr. FITZGERALD. I will say that that was after the Secretary of Commerce had made his recommendation.

Mr. HUMPHREY of Washington. You are mistaken about that again.

Mr. FITZGERALD. No; I am not mistaken about it.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Superintendents of finance, superintendents of mails, superintendents of stations, foremen, special clerks, and stenographers, 2,700, at not exceeding \$1,300 each.

Mr. TOWNER. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Iowa [Mr. TOWNER] offers an amendment which the Clerk will report.

The Clerk read as follows:

Page 10, line 4, insert the following:

"Provided, That in the appointment of superintendents of finance, superintendents of mails, superintendents of delivery, auditors, cashiers, or their assistants, such appointments shall be made, so far as may be, from assistant postmasters now serving, and in the offices where now serving, when otherwise qualified."

Mr. MOON. Mr. Chairman, I make a point of order on that amendment.

Mr. TOWNER. Mr. Chairman, I desire to be heard on the point of order before the Chair rules.

Mr. MOON. And I insist that the argument shall be on the point of order only.

Mr. TOWNER. I do not think, Mr. Chairman, the point of order is well taken. The provisions for these superintendents are only made in order by reason of the rule. The amendment which I have offered pertains only to these superintendents. Certainly it will be perfectly proper to offer it as an amendment to each one individually, and if to each individually it is proper, it can be offered to all of them en gross, and it applies only to all of them en gross. All of it, of course, is new legislation. All of it is made in order only under the rule, and this is an amendment to that which is made in order under the rule. It seems to me there can be no question about the amendment being in order.

The CHAIRMAN. The Chair is ready to rule. The Chair thinks that the amendment offered by the gentleman from Iowa is clearly new legislation, and is not in order under the rules of the House.

Mr. MANN. Mr. Chairman, I would like to be heard.

The CHAIRMAN. Of course there is no doubt about it at all.

Mr. MANN. Of course there is no doubt about its being legislation. The rule under which we are operating provides that after the adoption of the rule it shall be in order in the consideration of the Post Office bill, and so forth, to consider new legislation in each and all the sections of the said bill, notwithstanding the rules of the House, as follows, to wit, and then follows the items in regard to superintendents, commencing on page 7, line 15, down to and including page 10, line 4. The Chair has the rule before him. All of this is treated by the rule as legislation and made in order, and if it had not been in order the point of order would probably have been made to the very first item of all of these provisions that have been read. But they were all subject to a point of order, because they were legislation. Now, the only question, I think, for the Chair to determine now is whether this amendment offered by the gentleman from Iowa [Mr. TOWNER] is a germane amendment, because it is legislation offered to new legislation in the bill; and if it is a germane amendment it is in order, because the whole thing is legislation. Now, the provision in the bill which has been made in order under the rule provides for superintendents, not now authorized by law, as new legislation. The gentleman from Iowa offers an amendment to that, which certainly relates to it, providing a method of appointment of some of these superintendents. I was sure the Chair had not in mind the fact that this was all made in order as new legislation by the rule, or I would not have interrupted him.

Mr. MOON. The gentleman, I think, is mistaken on that.

Mr. MANN. It is made in order by the special rule of the House, and this was matter subject to a point of order under the rules of the House.

Mr. MOON. If it is new legislation, it is subject to a point of order.

Mr. MANN. This was not subject to the rules of the House, so far as legislation is concerned, because the rules of the House have been set aside by authorizing these matters as new legislation upon this bill. Of course, the other rules of the House apply—

The CHAIRMAN. The Chair feels that this course of reasoning should be applied to the question. The language in the

bill, on page 10, as it appears, is of course legislation. Under the general rules of the House it would not be in order, but could be stricken out on a point of order, and in the absence of the special rule adopted, is clearly subject to a point of order.

But we are confronted with the special rule that has been offered in this House and adopted, which provides that certain legislation should be in order, the rules of the House notwithstanding. The Chair thinks that that rule should be construed strictly. The Chair thinks that that rule carries with it only what it has within its covers and within its terms, and the Chair thinks that to open the way to all classes of legislation under the rule making certain specific items of legislation in order would open it to indefinite amendment wholly outside of the rules of the House, and the committee would thereby go much further than the House ever intended it should go under the rule. The Chair therefore thinks that the point of order interposed by the chairman of the committee [Mr. Moon] is well taken, and sustains the point of order.

Mr. STEENERSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. What is the query of the gentleman from Minnesota?

Mr. STEENERSON. Does the Chair also hold that no amendment to this proposition can be offered; that only the proposition reported in the rule, and nothing else, can be offered; and that it can not be perfected in any way?

The CHAIRMAN. The Chair feels that the rule adopted by this House on a record vote took those specified amendments out of the ordinary rules of the House and was an extraordinary remedy supplied, and that it made in order certain specified things. The Chair may be in error about it, but the Chair thinks its ruling will be that that rule should be strictly construed, and that, because one or more specified items of legislation are made in order, that does not admit new and outside propositions not contained in the special rule or permitted under the rules of the House.

Mr. STEENERSON. Mr. Chairman, I appeal from the ruling of the Chair.

Mr. MANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANN. What is the object of reading the bill if it is not for amendment?

The CHAIRMAN. The Chair hardly thinks that is a parliamentary inquiry. The gentleman from Minnesota [Mr. STEENERSON] appeals from the ruling of the Chair. The question is, Shall the decision of the Chair be sustained?

Mr. MANN. Mr. Chairman, I think the Chair would want to modify his ruling upon reflection, whatever should become of the amendment, it is so perfectly patent that the Chair is wrong in his opinion—

Mr. MOON. Mr. Chairman, I make the point of order that it is not in order for the gentleman to discuss the motion of appeal.

The CHAIRMAN. Does the gentleman from Illinois ask to be heard?

Mr. MANN. No. I have the right under the rules to discuss the appeal. The gentleman from Tennessee knows no more about the rules than he does about his bill, and that is not saying much. [Laughter.]

Mr. MOON. If he only knew that, he would know more than the gentleman from Illinois, who does not know anything about the bill. [Laughter.]

Mr. MANN. Now, the rule that was adopted provides that it shall be in order to consider all the new legislation in the bill. It is not in order to agree to it, not in order to adopt it, but in order to consider it. The Chair has made a ruling now where it says "Six superintendents at not exceeding \$3,800 each" that it would not be in order to strike out "six" and insert "five," or in order to strike out "\$3,800" and insert "\$3,700." The Chair certainly does not want to put the House—his side of the House, which invariably supports the ruling of the Chair under this administration of the House—in the attitude of supporting a ruling like that; to say that the House reads the Post Office appropriation bill under the five-minute rule—the Post Office appropriation bill, which is 54 pages long, and the rule itself, the original rule, was 37 pages long, and most of it remained in the amended rule—that we read the Post Office appropriation bill under the five-minute rule, and more than half of the bill is not subject to amendment at the amending stage of the bill, when the rule only provided that we should consider legislation.

The CHAIRMAN. The Chair thinks the gentleman states the ruling more far-reaching than it was really made.

Mr. MANN. I refer to the ruling as the Chair made it.

The CHAIRMAN. The ruling of the Chair was that this proposed amendment was new legislation and not in order, and the Chair does not now want to go further than that. The Chair has no pride of opinion in the matter, but the Chair thinks this

amendment of the gentleman from Iowa is new legislation, not within the scope of the special rule, and not permissible under the general rules of the House; and the Chair thinks the gentleman from Illinois, if the Chair heard the gentleman correctly, understood the ruling too broadly.

Mr. STEENERSON. Mr. Chairman, as I understand the rule, where new legislation is made in order like this is, anything that is germane to that proposition is also in order. You have opened the door to new legislation, and you are here considering it under the five-minute rule, and it is our duty to perfect it; and the amendment of the gentleman from Iowa [Mr. TOWNER] simply seeks to perfect the legislation embodied in the separate report from the Committee on Rules.

Mr. FERRIS. The Chair thinks the gentleman's amendment goes much further than that. It contains provisions foreign to the language made in order under the rule.

It seems to me it is clearly proper, and I insist on the appeal.

Mr. MANN. I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Illinois makes the point of order that there is no quorum present. Evidently there is no quorum present. The Clerk will call the roll.

Mr. MOON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. FERRIS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 19906) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1916, and for other purposes, and had come to no resolution thereon.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED.

Under clause 2 of Rule XXIV, Senate bills and joint resolutions of the following titles were taken from the Speaker's table and referred to their appropriate committees as indicated below:

S. 5629. An act for the relief of certain persons who made entry under the provisions of section 6, act of May 29, 1908; to the Committee on the Public Lands.

S. 1991. An act for the relief of Abram H. Johnson; to the Committee on Invalid Pensions.

S. J. Res. 177. Joint resolution to transfer to the custody and possession of the Attorney General sealskins; to the Committee on Foreign Affairs.

S. J. Res. 192. Joint resolution granting American citizenship to John Brownlow Ziegler; to the Committee on Immigration and Naturalization.

S. J. Res. 214. Joint resolution authorizing the Secretary of Commerce to postpone the sale of certain sealskins; to the Committee on Foreign Affairs.

S. 583. An act incorporating the American Academy of Arts and Letters; to the Committee on the Library.

S. 3509. An act for the relief of Orion Mathews; to the Committee on Invalid Pensions.

S. 4738. An act for the relief of Frances L. Snell; to the Committee on Claims.

S. 5495. An act authorizing the Secretary of War to make certain donations of condemned cannon and cannon balls; to the Committee on Military Affairs.

S. 6011. An act to reinstate Frederick J. Birkett as third lieutenant in the United States Revenue-Cutter Service; to the Committee on Naval Affairs.

S. 6152. An act for the relief of Joseph Gorman; to the Committee on Invalid Pensions.

S. 6202. An act to amend an act entitled "An act to amend section 3 of the act of Congress of May 1, 1888, and to extend the provisions of section 2301 of the Revised Statutes of the United States to certain lands in the State of Montana embraced within the provisions of said act, and for other purposes;" to the Committee on the Public Lands.

S. 6384. An act to authorize the acceptance of certain lands by the United States for a military park reservation, and for other purposes; to the Committee on Military Affairs.

S. 6497. An act for the relief of Lloyd C. Stark; to the Committee on Naval Affairs.

S. 6631. An act to regulate the practice of pharmacy and the sale of poison in the consular districts of the United States in China; to the Committee on Foreign Affairs.

ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 6227. An act granting the consent of Congress to the Norfolk-Berkley Bridge Corporation, of Virginia, to construct

a bridge across the Eastern Branch of the Elizabeth River in Virginia.

ORDER OF BUSINESS ON CALENDAR WEDNESDAY.

Mr. MOON. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday to-morrow be postponed until Tuesday next—that Tuesday next be substituted for Calendar Wednesday.

The SPEAKER. The gentleman from Tennessee [Mr. Moon] asks unanimous consent that the business of Calendar Wednesday to-morrow be transferred until next Tuesday. Is there objection?

Mr. MANN. I object.

The SPEAKER. The gentleman from Illinois objects.

Mr. FITZGERALD. I ask unanimous consent that it shall be in order to-morrow to consider the Post Office appropriation bill instead of the business in order under the rule.

The SPEAKER. The gentleman from New York asks unanimous consent that it shall be in order to-morrow, notwithstanding the Calendar Wednesday rule, to consider the Post Office appropriation bill. Is there objection?

There was no objection.

Mr. MOON. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

Mr. MANN. Reserving the right to object, what time does the gentleman expect to run to to-morrow night?

Mr. MOON. I was in hope that we might get through by 5 o'clock.

Mr. MANN. The gentleman was endeavoring to cut off debate to-day when debate was proper. I am perfectly willing to have the House meet at a proper hour and stay in session a proper length of time.

Mr. MOON. If the gentleman from Illinois wants to object, let him object.

The SPEAKER. The gentleman from Illinois has not objected.

Mr. MANN. The gentleman from Illinois, if he wants to object, certainly will not ask the permission of the gentleman from Tennessee.

Mr. MOON. The gentleman need not talk as though he was piqued about it. If he wishes to object, why, let him object.

Mr. MANN. The gentleman from Tennessee is always in a passion while his bill is up.

Mr. COOPER. Mr. Speaker, I object.

The SPEAKER. The gentleman from Wisconsin [Mr. COOPER] objects.

REPORT OF THE DOORKEEPER (H. DOC. NO. 1461).

The SPEAKER. The other day the Doorkeeper filed his report. By an oversight it was not referred to the Committee on Accounts, and the Chair will now refer it to the Committee on Accounts and it will be printed.

ADJOURNMENT.

Mr. MOON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until Wednesday, December 30, 1914, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting a draft of suggested legislation for electrical protection to vaults and public buildings for the fiscal year ending June 30, 1916 (H. Doc. No. 1450); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Nassawadox Creek, Va., with a view to the removal of the bar at its mouth, so as to connect with the bay and provide a suitable channel (H. Doc. No. 1451); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

3. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Lynn Harbor and Saugus River, Mass., with a view to providing a channel 15 feet deep up to the bridge at East Saugus (H. Doc. No. 1452); to the Committee on Rivers and Harbors and ordered to be printed.

4. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Trent River, N. C., with a view to providing a depth of 12 feet from Newbern to Pollockville (H. Doc. No. 1453); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

5. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Criehaven Harbor, Me. (H. Doc. No. 1454); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

6. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Nehalem Bay and River, Oreg., including any plan for cooperation on the part of local interests (H. Doc. No. 1455); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

7. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Slades Creek, N. C. (H. Doc. No. 1456); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

8. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Coan River, Va., with a view to reopening and widening the channel at and near its main entrance (H. Doc. No. 1457); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

9. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and plan and estimate of cost of improvement of Thomaston Harbor, Me., with a view to securing greater depth and width of basin (H. Doc. No. 1458); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

10. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Red Lake at or near Redby, Minn. (H. Doc. No. 1459); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

11. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and plan and estimate of cost of improvement of Feather River, Cal., from its mouth up to Marysville, with a view to deepening and straightening the channel and to determine what other improvements are necessary in the interests of navigation, consideration being given to any proposition for cooperation on the part of State or other local interests (H. Doc. No. 1460); to the Committee on Rivers and Harbors and ordered to be printed.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 19636) granting an increase of pension to Thomas Powell, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LEVER: A bill (H. R. 20341) to empower certain officers, agents, and employees of the Department of Agriculture to administer and take oaths, affirmations, and affidavits, and for other purposes; to the Committee on Agriculture.

By Mr. MANN: A bill (H. R. 20342) to create a tariff board; to the Committee on Ways and Means.

By Mr. DUPRÉ: A bill (H. R. 20343) to amend section 3255 of the Revised Statutes of the United States, as amended by the act of June 3, 1896, concerning the distilling of brandy from fruits; to the Committee on Ways and Means.

By Mr. PARKER of New Jersey: A bill (H. R. 20344) for the establishment of a naval volunteer force of seamen, and for the government of the same; to the Committee on Naval Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 20345) authorizing the construction of a wagon bridge across the Moclips River, in Chehalis County, State of Washington, and appropriating \$12,000 therefor; to the Committee on Indian Affairs.

By Mr. MOSS of Indiana: A bill (H. R. 20346) to create a tariff board; to the Committee on Ways and Means.

By Mr. HAY: A bill (H. R. 20347) making appropriations for the support of the Army for the fiscal year ending June 30, 1916; to the Committee of the Whole House on the state of the Union.

By Mr. KALANIANAOLE: A bill (H. R. 20348) granting to the Legislature of the Territory of Hawaii certain rights concerning qualification of voters within the Territory; to the Committee on the Territories.

By Mr. DENT: A bill (H. R. 20349) to amend an act entitled "An act to increase the internal revenue, and for other purposes," approved October 22, 1914; to the Committee on Ways and Means.

Also, a bill (H. R. 20350) to provide for the acquisition of a new site and the erection of a public building thereon in the city of Montgomery, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. REILLY of Wisconsin: A bill (H. R. 20351) authorizing the Secretary of War to deliver to the city of Oshkosh, county of Winnebago, State of Wisconsin, four condemned bronze or brass cannon, with carriages and suitable outfit of cannon balls; to the Committee on Military Affairs.

By Mr. HOBSON: Joint resolution (H. J. Res. 394) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 20352) granting an increase of pension to Minnie G. Hickok; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20353) granting an increase of pension to William T. Lee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20354) granting an increase of pension to John W. Williams; to the Committee on Invalid Pensions.

By Mr. ANSBERRY: A bill (H. R. 20355) granting a pension to Frank M. Clark; to the Committee on Pensions.

Also, a bill (H. R. 20356) granting an increase of pension to John Love; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20357) granting an increase of pension to Orson Hauser; to the Committee on Invalid Pensions.

By Mr. ASHBROOK: A bill (H. R. 20358) granting an increase of pension to William S. Porter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20359) granting an increase of pension to Eliza E. Wells; to the Committee on Invalid Pensions.

By Mr. BALTZ: A bill (H. R. 20360) granting an increase of pension to William M. Goad; to the Committee on Invalid Pensions.

By Mr. BELL of California: A bill (H. R. 20361) for the relief of the State Mutual Building & Loan Association, of Los Angeles, Cal.; to the Committee on Claims.

Also, a bill (H. R. 20362) for the relief of the Home Builders' Loan Association, of Pomona, Cal.; to the Committee on Claims.

Also, a bill (H. R. 20363) for the relief of the Pasadena Building & Loan Association, of Pasadena, Cal.; to the Committee on Claims.

By Mr. BOOHER: A bill (H. R. 20364) granting a pension to Enoch W. Laney; to the Committee on Pensions.

By Mr. BYRNS of Tennessee: A bill (H. R. 20365) granting an increase of pension to Anna E. Ritchey; to the Committee on Invalid Pensions.

By Mr. CLARK of Missouri: A bill (H. R. 20366) granting an increase of pension to Maroni N. Fuller; to the Committee on Invalid Pensions.

By Mr. CULLOP: A bill (H. R. 20367) granting a pension to Stella Porter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20368) granting an increase of pension to George W. Mayfield; to the Committee on Invalid Pensions.

By Mr. DOOLITTLE: A bill (H. R. 20369) granting a pension to Alta A. Willite; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 20370) to provide for the extension and enlargement of the Federal building at Boise, Idaho; to the Committee on Public Buildings and Grounds.

By Mr. EAGAN: A bill (H. R. 20371) for the relief of Michael Mullett; to the Committee on Military Affairs.

By Mr. FERRIS: A bill (H. R. 20372) granting an increase of pension to William M. Hanks; to the Committee on Invalid Pensions.

By Mr. GARDNER: A bill (H. R. 20373) granting an increase of pension to William P. R. Estes; to the Committee on Invalid Pensions.

By Mr. GRAY: A bill (H. R. 20374) granting an increase of pension to William L. Ford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20375) granting an increase of pension to Margaret Kinley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20376) granting a pension to Albert S. Brandenburg; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20377) granting an increase of pension to Eliza A. Garthwait; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 20378) granting an increase of pension to Leroy W. Clark; to the Committee on Invalid Pensions.

By Mr. HENSLEY: A bill (H. R. 20379) granting an increase of pension to Mary Wishon; to the Committee on Invalid Pensions.

By Mr. IGOE: A bill (H. R. 20380) for the relief of Aaron B. Van Pelt, alias Benjamin Van Pelt; to the Committee on Military Affairs.

By Mr. KENNEDY of Rhode Island: A bill (H. R. 20381) granting a pension to David A. Gage; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 20382) granting an increase of pension to Henry B. Hale; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20383) for the relief of Robert W. Pool; to the Committee on War Claims.

By Mr. KONOP: A bill (H. R. 20384) granting an increase of pension to John McEathron; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20385) granting an increase of pension to Wallace M. Taylor; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 20386) granting an increase of pension to James Gipson; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 20387) for the relief of Annie M. Bradshaw and others; to the Committee on War Claims.

By Mr. MOSS of West Virginia: A bill (H. R. 20388) for the relief of James A. Showen; to the Committee on Claims.

By Mr. NEELY of West Virginia: A bill (H. R. 20389) granting pensions to Army teamsters of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20390) granting an increase of pension to Lewis Sycks; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 20391) granting a pension to Nellie Wilkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20392) granting an increase of pension to Hardin H. Thompson; to the Committee on Invalid Pensions.

By Mr. REILLY of Wisconsin: A bill (H. R. 20393) granting a pension to Dudley G. Allen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20394) to remove the charge of desertion against Lewis Kindness; to the Committee on Military Affairs.

Also, a bill (H. R. 20395) to remove the charge of desertion against Joseph Scharbonaugh; to the Committee on Military Affairs.

By Mr. RUSSELL: A bill (H. R. 20396) granting an increase of pension to Isaac F. Greene; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20397) granting an increase of pension to James S. Head; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20398) granting an increase of pension to William P. Duncan; to the Committee on Invalid Pensions.

By Mr. SMITH of New York: A bill (H. R. 20399) granting a pension to Sarah S. Brewer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20400) for the relief of James G. Hill; to the Committee on Military Affairs.

By Mr. STEPHENS of California: A bill (H. R. 20401) granting a pension to Mary Utley; to the Committee on Pensions.

Also, a bill (H. R. 20402) granting an increase of pension to James H. Whitney; to the Committee on Invalid Pensions.

By Mr. TAVENNER: A bill (H. R. 20403) granting a pension to Lottie Lyles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20404) granting an increase of pension to Joseph Atcheson; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 20405) granting an increase of pension to Clark Arnold; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20406) granting an increase of pension to Stephen F. Cassaday; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20407) granting an increase of pension to Josephine Royster; to the Committee on Pensions.

Also, a bill (H. R. 20408) for the relief of the estate of Tabitha Dickey, deceased; to the Committee on War Claims.

Also, a bill (H. R. 20409) for the relief of Francis M. Decker; to the Committee on War Claims.

Also, a bill (H. R. 20410) granting a pension to Jennie S. Bunch; to the Committee on Pensions.

Also, a bill (H. R. 20411) for the relief of Joseph Woosley; to the Committee on War Claims.

Also, a bill (H. R. 20412) granting an increase of pension to James Vaughn; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 20413) granting a pension to Frederick W. Brown; to the Committee on Pensions.

By Mr. WINSLOW: A bill (H. R. 20414) granting a pension to Katherine Kenney; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Resolutions of the Ohio State Millers' Association, favoring 1-cent postage; to the Committee on the Post Office and Post Roads.

By Mr. BELL of California: Resolutions of the Oakland Lodge, No. 324, Royal Order of Moose; Oakland Lodge, No. 123, Fraternal Brotherhood; Knights and Ladies of Oakland Council No. 733; Le Tres Joli Club, of Oakland; members of Colonel John B. Wyman Circle, No. 22, Ladies of the Grand Army of the Republic; T. F. B. Lodge, No. 686, of Oakland, 100 members; San Jose Camp, No. 7777, Modern Woodmen of America, all of California, favoring H. R. 5139, the Hamill bill; to the Committee on Reform in the Civil Service.

Also, resolutions of Fruitvale Aerie, No. 1375, Fraternal Order of Eagles, Oakland; Live Oak Lodge, No. 17, Knights of Pythias, Oakland; Ouray Tribe, Improved Order of Red Men, San Jose; Estrella Da Manha Council, No. 84, I. D. E. S., of Oakland; members of the Ancient Order of Hibernians, Oakland; Fruitvale Lodge, No. 56, of Knights of Pythias, Fruitvale; Dirigo Lodge, No. 224, of Knights of Pythias, all in the State of California, favoring H. R. 5139, the Hamill bill; to the Committee on Reform in the Civil Service.

Also, resolution of the Central Labor Council of Los Angeles, Cal., protesting against any change being made that would in any manner act to the detriment of the employees of the Canal Zone; to the Committee on Appropriations.

By Mr. BRITTEN: Resolution of the Chicago Post Office Clerks' Association, protesting against the removal from the service of certain elderly employees of the Chicago Post Office, and also urging the passage of the civil-service retirement bill; to the Committee on Reform in the Civil Service.

By Mr. BROWNING: Memorial of Salem quarterly meeting of Friends at Woodbury, N. J., in the interest of peace; to the Committee on Naval Affairs.

By Mr. BYRNS of Tennessee: Papers to accompany bill to increase pension of Anna E. Ritchey; to the Committee on Invalid Pensions.

By Mr. EAGAN: Petition of the German-American Central Society of Essex County, N. J., protesting against the exportation to belligerent nations of Europe and Asia of munitions of war, arms, provisions, and supplies designated as contraband of war; to the Committee on Foreign Affairs.

Also, petition of L. Hogan, of Orange, N. J., in favor of woman suffrage; to the Committee on the Judiciary.

By Mr. FLOOD of Virginia: Petition of sundry citizens of Buchanan, Va., praying for the enactment of legislation relating to prohibition; to the Committee on Rules.

By Mr. GRAHAM of Pennsylvania: Petition of the National Liberal Immigration League, favoring suspension temporarily of the collection of a head tax from war refugees; to the Committee on Ways and Means.

By Mr. GRAY: Papers to accompany bill granting a pension to Sydney S. Brandenburg; to the Committee on Pensions.

Also, papers to accompany bills granting increase of pensions to William L. Ford, Eliza A. Garthwait, and Margaret Kinley; to the Committee on Invalid Pensions.

By Mr. HOXWORTH: Petition of divers citizens of Galesburg, Ill., favoring passage of House joint resolution 377; to the Committee on Foreign Affairs.

By Mr. KENNEDY of Rhode Island: Petition of Sacred Heart Branch 265, Catholic Knights of America, of Central Falls, R. I., asking for protection for priests and sisters in Mexico; to the Committee on Foreign Affairs.

Also, petition of Mrs. George J. Arnold, of Edgewood, R. I., and Mrs. R. I. Gammell, of Providence, R. I., opposing woman suffrage; to the Committee on the Judiciary.

Also, petitions of James Winsor and Raymond E. Beebe, of Greenville, R. I., favoring national prohibition; to the Committee on Rules.

Also, petitions of Jerome M. Fittz, Sara L. G. Fittz, Alice B. Ham, J. W. North, Marian D. Jenckes, all of Providence; George W. Eddy, of Wickford; Mrs. Saray M. Ray Aldrich, of East Providence; Wallis Hayward, of Wickford; and Helena

Sturtevant, of Middleton, all in the State of Rhode Island, favoring woman suffrage; to the Committee on the Judiciary.

By Mr. LEVY: Resolution of the Cattle Raisers' Association of Texas, favoring appropriation of ample funds to guarantee the protection of the live-stock industry of the country against the present outbreak and any future outbreak of the foot-and-mouth disease; to the Committee on Appropriations.

Also, petition of Richard M. Hurd, of New York City, in favor of bill to regulate interstate commerce between States in prison-made goods; to the Committee on Interstate and Foreign Commerce.

By Mr. LIEB: Petition of M. D. Helfrich, of Evansville, Ind., in favor of House joint resolution 377; to the Committee on Foreign Affairs.

By Mr. MAHAN: Resolutions of Norwich (Conn.) Camp, No. 75, Sons of Zion, against the passage of the so-called Smith bill (S. 2543), restricting immigration; to the Committee on Immigration.

By Mr. MORIN (by request): Petition of Flood Commission of Pittsburgh, Pa., and of citizens of Pittsburgh, Pa., in favor of Newlands river bill; to the Committee on Rivers and Harbors.

Also (by request), petition of Chamber of Commerce of Pittsburgh, Pa., in favor of river improvements and flood prevention; to the Committee on Rivers and Harbors.

Also (by request), petition of citizens of Beaver County, Pa., opposed to legislation to restrict exports to European countries at war; to the Committee on Foreign Affairs.

By Mr. O'LEARY: Petitions of sundry citizens of New York City, in favor of S. 6688; to the Committee on Foreign Affairs.

Also, petition of Springfield (N. Y.) Lodge, No. 302, International Order of Good Templars, in favor of national prohibition; to the Committee on Rules.

Also, petition of the Holy Name Society of New York City, for suppression of defamatory publications; to the Committee on the Post Office and Post Roads.

By Mr. O'SHAUNESSY: Petition of S. M. Power, of Providence, R. I., favoring passage of S. 6688; to the Committee on Foreign Affairs.

By Mr. RAKER: Petitions of the Nord Oestliche Saengerbund of America and T. L. Gilmore, president of the National Model License League, of Louisville, Ky., against national prohibition; to the Committee on Rules.

Also, resolution of the executive committee of the Cattle Raisers' Association of Texas, urging upon Congress the appropriation of ample funds to guarantee the protection of the live-stock industry of the country against the present outbreak and any future outbreaks of the foot-and-mouth disease; to the Committee on Appropriations.

Also, petition of Mount Shasta Lodge, No. 312, Brotherhood of Locomotive Firemen and Engineers, of Dunsmuir, Cal., in favor of H. R. 17894; to the Committee on Interstate and Foreign Commerce.

Also, resolution of the Knights and Ladies of Oakland Council, No. 733; of the Le Tres Joli Club; Live Oak Lodge, No. 17; of the Ancient Order of Hibernians, Division No. 2; of the Fruitvale Aerie, No. 1375, Fraternal Order of Eagles; of the Estrella da Massha Council, No. 84, I. D. E. S.; of the Jefferson School Mothers' Club; of the Oakland Lodge, No. 324, Loyal Order of Moose; and of the Argonaut Tent, No. 33, of the Maccabees, all of Oakland, Cal.; of the Chamber of Commerce of Quincy, Cal.; of the Chamber of Commerce of Truckee, Cal.; of the Grass Valley Chamber of Commerce; of the Honey Lake Development League, of Jamesville, Cal.; of the Wetonka Tribe, No. 208, Improved Order of Red Men, of Los Gatos, Cal.; of the San Jose Camp, No. 7777, Modern Woodmen of America; of the Fruitvale Lodge, No. 56, Knights of Pythias; of the Dirigo Lodge, No. 224, Knights of Pythias; and of the Ouray Tribe of Improved Order of Red Men, of San Jose, Cal., in favor of H. R. 5139; to the Committee on Reform in the Civil Service.

By Mr. STEPHENS of Texas: Petition of the Chamber of Commerce of Wichita Falls, Tex., protesting against making gas lines common carriers; to the Committee on Interstate and Foreign Commerce.

By Mr. VOLLMER: Petition of Rev. H. Reinemund and 19 others, supporting House joint resolution 377; to the Committee on Foreign Affairs.

By Mr. WINSLOW: Petition of Kampen Lodge, No. 15, International Order of Good Templars, of Worcester, Mass., in favor of national prohibition; to the Committee on Rules.

By Mr. WOODRUFF: Petition of residents of Bay City, Mich., for suppression of defamatory publications; to the Committee on the Post Office and Post Roads.

Also, petition of William H. Ramalia and 18 others, in favor of farm finance; to the Committee on Banking and Currency.

SENATE.

WEDNESDAY, December 30, 1914.

(Legislative day of Tuesday, December 29, 1914.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

REGULATION OF IMMIGRATION.

The PRESIDING OFFICER (Mr. SWANSON in the chair). When the Senate took a recess it had under consideration House bill 6060, known as the immigration bill, and the Senate resumes its consideration.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6060) to regulate the immigration of aliens to and residence of aliens in the United States.

The PRESIDING OFFICER. The pending amendment is that offered by the Senator from Colorado [Mr. THOMAS]. The question is on agreeing to the amendment.

Mr. SMITH of South Carolina. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from South Carolina suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gronna	Norris	Smith, S. C.
Brady	Hardwick	Overman	Smoot
Brandegge	Hitchcock	Page	Swanson
Bryan	Jones	Perkins	Thomas
Burton	Kern	Pomerene	Thornton
Chamberlain	La Follette	Ransdell	Townsend
Clapp	Lane	Reed	Vardaman
Culberson	Lodge	Robinson	White
Fletcher	McCumber	Sheppard	
Gallinger	Martine, N. J.	Simmons	
Goff	Nelson	Smith, Ga.	

Mr. THORNTON. I was requested to announce the necessary absence of the junior Senator from New York [Mr. O'GORMAN].

Mr. KERN. I desire to announce the unavoidable absence of my colleague [Mr. SHIVELY]. This announcement will stand for the day.

Mr. MARTINE of New Jersey. I was requested to announce the unavoidable absence of the Senator from West Virginia [Mr. CHILTON] and to state that he is paired with the Senator from New Mexico [Mr. FALL].

Mr. TOWNSEND. The senior Senator from Michigan [Mr. SMITH], who is absent, is paired with the junior Senator from Missouri [Mr. REED]. This announcement may stand for all roll calls to-day.

Mr. LODGE. My colleague [Mr. WEEKS] is absent from the city. He has a general pair with the Senator from Kentucky [Mr. JAMES]. I will allow this announcement to stand for the day.

The PRESIDING OFFICER. Forty-one Senators have answered to their names. A quorum is not present. The Secretary will call the roll of absent Senators.

The Secretary called the names of absent Senators, and Mr. LEA of Tennessee and Mr. WALSH answered to their names when called.

Mr. KERN. I desire to announce the unavoidable absence of the senior Senator from Virginia [Mr. MARTIN], on account of illness in his family. This announcement may stand for the day.

Mr. REED. My colleague [Mr. STONE] is detained from the Senate and from the city on account of indisposition in his family. I make this announcement generally for the day and to cover the past day.

Mr. CLARK of Wyoming and Mr. SUTHERLAND entered the Chamber and answered to their names.

Mr. CLARK of Wyoming. I desire to announce the unavoidable absence of my colleague [Mr. WARREN] from the city. He is paired with the Senator from Florida [Mr. FLETCHER]. I wish this announcement to stand for the day.

Mr. GALLINGER. I have been requested to announce the unavoidable absence of the Senator from Illinois [Mr. SHERMAN], on account of illness in his family.

The PRESIDING OFFICER. Forty-five Senators have answered to their names. A quorum is not present.

Mr. KERN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. HUGHES, Mr. PITTMAN, Mr. MYERS, and Mr. WORKS entered the Chamber and answered to their names.